PRESTIGE ASSURANCE PLC

ANNUAL REPORT

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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CORPORATE INFORMATION

Directors		
Dr. Adedoyin Salami	-	Chairman
Mr. Rajesh Kamble	-	Managing Director (Appointed October 2021)
Mr. Atul Sahai	-	Non-Executive Director
Mr. Muftau Olakunle Oyegunle	-	Non-Executive Director
Mr. Gopalan Raghu (Indian)	-	Non-Executive Director - (Retired in April 2021)
Mr. Raja Vadlamudi (Indian)	-	Non-Executive Director
Mrs. Rekha Gopalkrishnan (Indian)	-	Non-Executive Director
Mr Anjan Dey	-	Non-Executive Director-(Resigned February 2021)
Mr Prasad N.S.R	-	Non-Executive Director
Mrs. Funmi Oyetunji	-	Independent Non - Executive Director
Mr Sarbeswar Sahoo (Indian)	-	Managing Director - (Resigned November 2021)

Registration Number	6753
NAICOM Reg. Number	033
Acting Company Secretary	Mrs Ibe-Louis Chidinma FRC/2021/002/00000023808
Registered Office	Ligali Ayorinde Street, Victoria Island, Lagos P.O.Box 650 Marina, Lagos Info@prestigeassuranceplc.com www.prestigeassuranceplc.com
Actuary	Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/000000016912 70 Adetokunbo Ademola Street Victoria Island Lagos
Registrar	First Registrars & Investors Services Limited Plot 2, Abebe Village Road Iganmu, Lagos FRC/2013/00000000001946
Auditor	Ernst & Young 10th & 13th Floors UBA House, 57, Marina Lagos

Bankers	Access Bank Plc	Keystone Bank Limited
	Bank of India Limited	Polaris Bank Limited
	Ecobank Nigeria Limited	Providus Bank Limited
	Fidelity Bank Plc	Stanbic IBTC Bank Limited
	First Bank of Nigeria Limited	Sterling Bank Plc
	Guaranty Trust Bank Ltd	Union Bank Plc
	Heritage Bank Plc	United Bank For Africa Plc
Re-insurers	Africa Reinsurance Corporation	NCA Reinsurer
	Aveni Reinsurer	Waica Reinsurer
	Continental Reinsurance	Zep Reinsurer

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RESULTS AT A GLANCE

	2021 ₦'000	2020 ₦'000
Gross premium written	9,274,005	7,008,747
Net premium income	4,593,745	3,471,260
Underwriting expenses	(4,781,862)	(3,478,060)
Interest Income	564,810	422,236
Other investment income	273,395	240,019
Other operating income	70,921	94,782
Result from operating activities	733,509	691,616
Profit for the year	688,284	678,307
Net assets	12,995,732	12,403,395
Total assets	21,579,378	18,504,925
Basic earnings per share (Kobo)	5.19	9.78
Diluted earnings per share (Kobo)	5.19	9.78

CORPORATE GOVERNANCE REPORT

Introduction

Prestige Assurance Plc ("the Company") has remained committed to the principles and practice that promote Good Corporate Governance. We recognize that sound corporate governance practices are necessary for effective management and control of the Company's business with a view to maximizing the Shareholders value and meeting the expectations of other Stakeholders. In furtherance of the commitment to high ethical conduct, we regularly review our processes and practices to ensure compliance with the legislative and best practice changes in the global corporate governance environment.

The Company continues to comply with its Internal Governance Policies and the Code of Corporate Governance for Public Companies in Nigeria. As an Insurance Company, Prestige also complies with the Code of Good Corporate Governance for the Insurance Industry in Nigeria, issued by the National Insurance Commission in March 2015. The NAICOM's Code of Corporate Governance covers a wide range of issues including Board structure, quality of Board Members, duties of the Board, conduct of the Board of Directors, rights of Shareholders and Committees of the Board.

Board of Directors

The Board of Directors has the ultimate responsibility for the overall functioning of the Company. The responsibilities of the Board include setting the Company's strategic objectives and policies, providing leadership to put them into effect, supervising the management of the business, ensuring implementation of decisions reached at the Annual General Meeting, ensuring value creation to shareholders and employees, determination of the terms of reference and procedures of all Board Committees, ensuring maintenance of ethical standard as well as compliance with the Laws of Nigeria. At the moment, the Board is composed of seven members including a Non-Executive Chairman, MD/CEO and five Non-Executive Directors and one Executive Director. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Information Technology, etc. The Directors are men of impeccable character and high integrity.

The Company is indeed delighted to have a versatile Board with deep understanding of its responsibilities to Shareholders, Regulatory Authorities, Government and other Stakeholders. The Board always takes proactive steps to master and fully appreciate all cultural, legislative, ethical, institutional and all other factors, which impact our operations and operating environment. This has ensured that a culture of compliance with rules and regulation is entrenched at all levels of operations within the Company. The meetings of the Board are scheduled well in advance and highlights from the sub-committees of the Board are circulated to all the Directors. During the year under review, the Board met on 2 February, 25 February, 9 March, 30 March, 28 April, 26 May 27 July, 17 September, 28 October and 25 November. Details of attendance by the Directors at Board meetings are as follows:

S/N	Directors	Category of Directorship	Number of Meetings Held	Number of Meetings Attended
1	Dr. Adedoyin Salami	Chairman	10	9
2	Mr. Sarbeswar Sahoo	Managing Director/CEO (Resigned)	10	6
3	Mr. Vadlamudi Raja	Non-Executive Director	10	10
4	Mr. Muftau Olakunle Oyegunle	Non-Executive Director	10	10
5	Mr. Gopalan Raghu(Resigned)	Non-Executive Director	10	8
6	Mr. Anjan Dey(Resigned)	Non-Executive Director	10	1
7	Mrs. Funmi Oyetunji	Independent Non-Executive Director	10	9
8	Mr Prasad N.S.R	Non-Executive Director	10	2
9	Mr Rajesh Kamble	Managing Director	10	2
10	Mrs Rekha Gopalkrishnan	Non-Executive Director	10	2
11	Mr Atul Sahai	Non-Executive Director	10	0

CORPORATE GOVERNANCE REPORT - CONTINUED

Board Committees

The Board performed its functions through four Standing Committees during the period under review.

i. Audit Committee.
ii. Investment Committee.
iii. Establishment Committee.
iv. Risk Management Committee.

The Committees have clearly defined responsibilities, scope of authority and procedures for reporting to the Board. Membership of the Committees is structured to take optimum advantage of the skills and experience of Non-Executive Directors. The following are the standing Committees of the Board during the year under review:

Audit Committee

The Company established an Audit Committee in compliance with the Companies and Allied Matters Act, 2020, which comprises of three representatives of Shareholders (elected annually at the AGM), and two Non-Executive Directors during the year under review.

The Audit Committee met four times during the year under review - 24 February, 22 April, 23 July, and 26 October. Membership and attendance at the meetings are as follows:

S/n	Members	Number of Meetings Held	Number of Meetings Attended
1	Engr. Olayiwola Tubun (Chairman)	4	4
2	Mrs Funmi Oyetunji (NED)	4	2
3	Mr. Muftau Olakunle Oyegunle (NED)	4	4
4	Mr. Gopalan Raghu(NED)(Resigned)	4	1
5	Mrs Anike Odusote – (Member)	4	4
6	Mr. Sekoni Nurudeen – (Member)	4	4

Investment Committee

The Investment Committee comprises of the MD/CEO, 2 Non-executive Directors and one Executive Director. The Committee meets to review the investment guidelines of the Company, ensure that investments embarked upon by the Management are in line with Regulatory and Board Guidelines and also considers other miscellaneous issues. Mr. Gopalan Raghu Chaired the Committee during the year under review. The Committee met three times in the year under review as follows: 23 February, 22 April and 22 July 2021.

S/n	Members	Numbers of Meetings Held	Number of Meetings Attended
1	Mr. Gopala Raghu(NED)-Chairman-resigned	3	2
2	Mr. Vadlamudi Raja(ED)	3	3
3	Mr. Sarbeswar Sahoo (MD)-retired	3	3
4	Mrs. Funmi Oyetunji-NED	3	3

CORPORATE GOVERNANCE REPORT - CONTINUED

Establishment Committee
The Establishment Committee comprises the MD/CEO, Executive Director and two Non-Executive Directors. Mr. Muftau Olakunle Oyegunle chaired the Committee which primarily considers general staff matters. The Committee met on 16 February, 20 April and 21 July as reflected below:

S/n	Members	Number Meetings Held	Number of Meetings Attended
1	Mr. Muftau Olakunle Oyegunle	3	3
2	Mr. Vadlamudi Raja	3	3
3	Mr. Sarbeswar Sahoo	3	3
4	Mr. Gopalan Raghu	3	2

Risk Management Committee
The Risk Management Committee comprises of MD/CEO, 2 Non-executive Directors and Executive Director, namely Mrs Funmi Oyetunji , Mr. Muftau Olakunle Oyegunle,, Mr. Sarberswar Sahoo and Vadlamudi Raja. The Committee's term of reference is to fundamentally ensure that the Company's operations comply with the Enterprise Risk Policy as approved by the Board in line with regulatory requirements. The Committee met on 16 February, 20 April and 19 July.

S/n	Members	Number Meetings Held	Number of Meetings Attended
1	Mrs. Funmi Oyetunji(NED)-Chairman	3	3
2	Mr. Muftau Olakunle Oyegunle(NED)	3	3
3	Mr. Sarbeswar Sahoo(MD)	3	3
4	Mr. Vadlamudi Raja(ED)	3	3

Roles of Key Members of the Board
The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

The Chairman
The main responsibility of the Chairman is to lead and manage the Board to ensure that it is administered effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board to take informed decisions, monitor effectively and provide advice to promote the success of the Company.

The Chairman also manages the input of Non-executive Directors to promote effective relationships and open communications, (both inside and outside) the Boardroom, between Executive and Independent Non-executive Directors. The Chairman strives to ensure that any differences on the Board are resolved amicably.

The Chief Executive Officer
The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management, making and implementing operational decisions. The CEO is responsible to the Board of Directors and ensures that the Company complies strictly with regulations and policies of both the Board and Regulatory Authorities. The CEO ensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

CORPORATE GOVERNANCE REPORT - CONTINUED

The Company Secretary

The Company Secretary is a point of reference and support for all Directors. He is responsible to update the Directors with all requisite information promptly and regularly. The Board may through the Company Secretary obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly. The Company Secretary is further responsible to assist the Chairman and Chief Executive Officer to formulate an annual Board Plan with the administration of other strategic issues at the Board level; organize Board meetings and ensure that the minutes of Board meetings clearly and properly capture Board's discussions and decisions.

Director Nomination Process

The Board agrees upon the criteria for the desired experience and competencies of new Directors. The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director. The criteria for the desired experience and competencies of new Non-executive Directors are agreed upon by the Board. The balance and mix of appropriate skills and experience of Non-executive Directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from diverse background. The Shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of NAICOM. The following core values are considered critical in nominating a new director; (i) Integrity (ii) Professionalism (iii) Career Success (iv)Goodwill (v) Ability to add value to the Organization Induction and Continuous Training of Board Members.

Training of Board Member

On appointment to the Board and to Board Committees, all Directors receive a formal induction tailored to meet their individual requirements. The New Directors are oriented about the Company and its operations through the Company Secretary via the provision of the Company's Articles of Association, relevant statutory books and regulations and adequate information on operations. The Directors are also given a mandate and terms of reference to aid in performance of their functions. Management further strives to acquaint the new Directors with the operations of the Company via trainings/seminars to the extent desired by new Directors to enable them function in their position. The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Annual Board Appraisal

The Code of Corporate Governance for the Insurance Industry recognizes the fact that good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal covered all aspects of the Board's structure, composition, responsibilities, processes, relationships, individual members' competencies and respective roles in Board performance, as well as the Company's compliance status with the provisions of NAICOM.

The General Meeting of the Company

This is the highest decision-making body of the Company. The Company is driven by its desire to deliver significant returns on its shareholders investment. The shareholders have an opportunity to express their concerns (if any) and opinions on the Company's financial results and all other issues at the Annual General Meeting of the Company. The Meetings are conducted in a fair and transparent manner where the regulators are invited such as The National Insurance Commission, the Securities and Exchange Commission, Corporate Affairs Commission, the Auditors as well as other Shareholder's Associations. The Company also dispatches its annual reports, providing highlights of all the Company's activities to its shareholders

CORPORATE GOVERNANCE REPORT - CONTINUED

Protection of Shareholders Rights
The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication Policy
It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities. Furthermore, the Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website, www.prestigeassuranceplc.com. In order to reach its overall goal on information dissemination, the Company is guided by the following Principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM and SEC. The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment.

Feedback
The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent Advice
The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Insider Trading and Price Sensitive Information
The Company is clear in its prohibition of insider trading by its Board, management, Officers and related persons who are privy to confidential price sensitive information. Such persons are further prohibited from trading in the Company's securities where such transactions would amount to insider trading. Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Company from time to time.

Code of Professional Conduct for Employees
The Company has an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Group relating to employee values.

Mrs Ibe-Louis Chidinma
Acting Company Secretary
FRC/2021/002/00000023803

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CERTIFICATE PURSUANT TO SECTION 60 (2) OF INVESTMENT AND SECURITIES ACT

We, the undersigned, hereby certify the following with regards to our audited financial statements for the year ended 31 December 2021 that:

(a) We have reviewed the financial statements.

(b) To the best of our knowledge, the financial statements does not:
- Contain any untrue statement of a material fact, or
- Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such financial statements were made.

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as at, and for the years presented in the report.

(d) We:
- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared.
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report.
  have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date.

(e) We have disclosed to the auditor of the Company and the Audit Committee:
- all significant deficiency in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and.
- any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.
- we have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

....	....
Mr. Rajesh Kamble	Mr. Emmanuel Oluwadare
Managing Director/CEO	Chief Financial Officer
FRC/2022/PRO/DIR/003/00000023923	FRC/2013/ICAN/0000003649

..11. March 2022

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REPORT OF THE AUDIT COMMITTEE

In accordance with the Companies and Allied Matters Act, 2020, we have reviewed the audited financial statements of the Company for the year ended 31 December 2021 and report as follows:

The accounting and reporting policies of the Company are consistent within legal requirements and agreed ethical practices, and also in accordance with International Financial Reporting Standards.

The scope and planning of the external audit was adequate.

The Company maintained effective systems of accounting and internal control during the year.

Having reviewed the External Auditor's findings and recommendations on management matters, we are satisfied with management responses thereon.

Dated this .11.March 2022

Engr. Olayiwola Tobun
Chairman – Audit Committee
FRC/2013/ COREN/0000000003231

Members of the Audit Committee

Engr. Olayiwola Tobun	-	Shareholder/Chairman
Mr. Sekoni Nurudeen	-	Shareholder
Mrs. Olatunbosun Odusote	-	Shareholder
Mr. Muftau Olakunle Oyegunle	-	Non-Executive Director
Mr. Gopalan Raghu(Resigned)	-	Non-Executive Director
Mrs Funmi Oyetunji	-	Non-Executive Director

Mrs Ibe-Louis Chidinma
Acting Company Secretary
FRC/2021/002/00000023803

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

As Insurance services provider with an obligation to comply with international best practices and Corporate Governance, Prestige Assurance Plc ensures that its operations comply with international performance standards and applicable national environmental and social regulations.

The principles of Sustainability are deeply entrenched in Prestige's core values and system, so sustainability is in our 'Modus Operandi'.

We are conscious of the economic, social and environmental impact of our activities; placing importance on people and our environment, even as we try to make it a better place.

At Prestige, we look at sustainability from a broad horizon and in an all-encompassing way.

In conducting our business, we take into consideration ethical values in our business relationship and at the same time addressing some of the biggest challenges faced by our society.

During the 2021 financial year under review, new accounts were opened for various categories of people and businesses. The Company has also strived to meet the needs of Clients and making our products more accessible with the opening of our E - business unit further reducing barriers to Insurance services by increasing number of people with access to these services by providing more digital options.

Human Resources Management is important for retaining and attracting the best human resources for sustainable development.

At Prestige we respect both human and labour Laws in all our business operations and activities.

We belief that social equity needs to be fair and just distribution of economic and environmental resources should be taken into consideration.

Costs Benefits Analysis (CBA) are tools used to participate in decision-making processes which is thoroughly integrated into the working conditions of the Company. Health and safety of our employees and clients is of utmost importance at Prestige. Thus, we are at the fore front of the Eye care treatment with visits to the Eye Bank of Nigeria, creating awareness about key health issues. We at Prestige are aware that "poor environmental quality'' is directly responsible for around 25% of all preventable ill health in the world today, with diarrheal diseases and acute respiratory infections (ARI), such as pneumonia heading the list. Other diseases such as malaria, schistosomiasis, other vector-borne diseases, chronic respiratory diseases, childhood infections are also strongly influenced by adverse environmental conditions.

We encourage our staff to carry out routine health check-ups to ensure that they are in perfect health, as human capital is vital for our sustainability going forward.

Also, waste production and mismanagement of resources, for example, are both conditions that affect health. Poor health and a decreasing quality of life dis-empower the most vulnerable set of people.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT - CONTINUED

Corporate Governance on environmental and social life is an important aspect of our commitment to sustainable practices an Insurance institution. We strive to achieve a high level of corporate governance by essentially balancing the interest of all our stakeholders. We acknowledge that it is not enough for a Company to be profitable but also strive to demonstrate a global standard practice of corporate governance. Typically, the board is charged with overseeing corporate governance practices Group wide. One of the tenets of corporate governance is ensuring that there are clear lines of responsibility, authority and accountability and making sure appropriate responsibilities and measures are in place.

The Company, appointed an Executive Director Operation/Risk who in conjunction with the Management staff continued in their efforts to guide, implement and promote the sustainable principles in the Company.

Environmental and Social Risk Management has been incorporated into our enterprise risk management framework, especially in the delivery of our core business activity. Our customers in the major sectors are subject to a Social and Environmental Impact Assessment and Environmental Impact Assessment as requested for Know Your Customers (KYC).

We have continued in our efforts to reduce the use of paper in our general operations. The use of e-mails, workflows, portals and other e-channels is encouraged as work tools for members of staff. Information to customers is sent electronically via text, phone calls and e-mails.

In terms of community support, we have continued to invest in the communities in which we have presence through our Corporate Social Responsibility efforts.

Capacity Building in this area of sustainability is a work-in-progress at Prestige Assurance Plc. Sustainability is included and considered in all aspect of the Companies operation. Reporting. Sustainability issues will get reported to the Board through its Risk Management Committee, which meets quarterly. That way, the Board will get briefed of progress being made in implementing the sustainability policy to be approved by the Board as part of its responsibility of setting the sustainability tone from the top.

The implementation of the Sustainability Principles and Policy of the Company remains a work in progress at ingraining the sustainability culture in the Company as we strive to regain our industry leadership position in an economically viable, socially relevant and environmentally responsible way.

Corporate Social Responsibility Report

Prestige Assurance Plc is committed to the principles and best practices of corporate social responsibility and prides itself as being a model corporate citizen.

The Company pursues its corporate social responsibility goals through. The Company plays this role by contributing in strategic areas that are of immense importance to community development: Education, Environment and Economic Empowerment.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT - CONTINUED

The Company recognizes that doing business in a sustainable manner means doing business in a way that empowers the present generation of Nigeria without compromising the future.

As in previous years, Prestige Assurance Plc in 2021 continued to intervene in the critical areas of the socio-economic environment that has the biggest potential to improve the livelihood and long-term sustainability of the Company and Country.

Education

Quality education is crucial in developing the manpower needed by the Company to exploit emerging opportunities and propel the Company to higher levels of development.

The Company is therefore actively involved in a number of educational initiatives and projects with payment of educational allowance to Staff and the scholarships to children of staff who have exceled in their academic endeavors.

Environment and economic empowerment

The Company has a scheme where-in students are engaged for their industrial attachment programme and transport fares are paid to them for the period of engagement.

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the Companies and Allied Matters Act, 2020, Management has reviewed the audited financial statements of the Company for the year ended 31 December 2021 and report as follows:

The accounting and reporting policies of the Company are consistent within legal requirements and agreed ethical practices.

The scope and planning of the external audit were adequate.

The Company maintained effective systems of accounting and internal control during the year.

The Nature of the Business

Prestige Assurance Plc is a non–life insurance business with seventy years' experience in Nigeria. The Company's core areas of business include motor, marine, bond, engineering, fire, aviation, oil and gas and general accident.

The Company is known for providing expertise knowledge especially in high-risk businesses such as aviation, marine, and oil and gas.

Our Company is known by populace for prompt settlement of claims and other support as it may be necessary.

The major bulk of our business comes from brokers market and support from the parent Company in form of referral.

Management Objectives

(i) To be in the forefront of risk carrying in Nigerian insurance market, with a penchant for quality products and efficient service delivery to our esteemed customers.

(ii) To position the Company amongst the best insurance companies in Nigeria.

(iii) To ensure that values are created for the stakeholders.

(iv) To be an ethical Company among the listed institutions in Nigeria and the world at large.

Our Strategies

In order to meet the above objectives, the management of the Company have put the following strategies in place:

(i) The Company has instituted sound corporate governance in order to drive both the internal process and the business environment.

(ii) Adequate reinsurance has been put in place to absorb the impact of high risk which may likely occur due to the area of specialisation of the Company.

(iii) Aside from the normal business, the Company also provides add on services such as customer education, policy audit and lease financing.

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED

Our Strategies – Continued

(iv) The Company engages in training and empowerment of her workforce to meet up with the challenges of modern business.

(v) It is also in the current agenda of the Company to recruit more hands with specialised skills to compete favourably in the industry.

(vi) The Company has also met up with her civil responsibility and promised to do more to better the interest of stakeholders at large.

Our Resources, Risks and Relationship

Our most valuable resources are our human capital. The staff welfare is paramount to the Company. Non-human resources are of small relevance without appropriate personnel to drive the system.

Insurance business is a kind of business that is full of risk known as insurable risks.

This is a known risk but which the likelihood and magnitude of the occurrence is not certain.

The Company has put in place a balanced re-insurance policy to absorb the impact of such risks at any time in future.

Aside from this, the Company is also faced with diverse risks which are financial and non-financial in nature.

Several strategies are already in place to mitigate their negative impact on the business and the Company itself.

Prestige Assurance Plc is a subsidiary of The New India Assurance Company Limited, Mumbai, India. Our parent Company is one of the largest insurance business undertakers across the Afro-Asia continent (except Japan). The parent Company provides support to us in all ramifications which had impact positively in term of skills and financial status to underwrite high risk businesses rarely underwritten by the local companies.

Financial Results and Prospects

For the year ended 31 December 2021, the gross premium income of the Company increased by N2,262 million compared with previous year as result of improvement in marketing techniques and prompt claim settlement.

Underwriting profit for the year went up by N1.896 million when compared with the previous year. Whilst profit for the year increased by N9.977 million compared to prior year.

The total assets of the Company increased by ₦3 billion when compared with 31 December 2020.

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REPORT OF THE DIRECTORS

The Directors hereby submit their report together with the audited financial statements and auditor's report for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be non-life insurance business. There were no changes in the activities of the Company during the year under review.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs is satisfactory.

RESULTS FOR THE YEAR

	2021 ₦'000	2020 ₦'000
Profit before income tax expense	732,226	685,907
Income tax expense	(43,942)	(7,602)
Profit for the year	688,284	678,305

DIVIDEND

At the Company's 98th meeting of the Board of Directors, a dividend of 1.5 kobo/share was proposed for the year ended 31 December 2021 (2020 2.5kobo).

DIRECTORS

The names of the Directors as at the date of this report and those who held office during the year are as follows:

Dr. Adedoyin Salami	-	Chairman
Mr. Rajesh Kamble	-	Managing Director (Appointed October 2021)
Mr. Atul Sahai	-	Non-Executive Director
Mr. Muftau Olakunle Oyegunle	-	Non-Executive Director
Mr. Gopalan Raghu (Indian)	-	Non-Executive Director-(Retired in April 2021)
Mr. Raja Vadlamudi (Indian)	-	Non-Executive Director
Mrs. Rekha Gopalkrishnan (Indian)	-	Non-Executive Director
Mrs. Funmi Oyetunji	-	Independent Non-Executive Director
Mr. Sarbeswar Sahoo	-	Managing Director/CEO (Resigned November 2021)
Mr Prasad N.S.R	-	Non-Executive Director
Mr. Anjan Dey(Resigned)	-	Non-Executive Director(Resigned February 2021)

In accordance with Article 96 of the Company's Articles of Association, retiring and appointed director during the year under review have been disclosed above.

PRESTIGE ASSURANCE PLC

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FOR THE YEAR ENDED 31 DECEMBER 2021

REPORT OF THE DIRECTORS - CONTINUED

Directors' Interests in Share Capital

The interest of the Directors in the issued share capital of the Company as recorded in the registrar of Members is as follows:

S/N	Names	DATE	Organization	No. of Shares as at 31 December 2021		No. of Shares as at 31 December 2020	
				Direct	Indirect	Direct	Indirect
1	Dr. Adedoyin Salami		-	-	-	-	-
2	Mr Atul Sahai		-	-	10,379,522,933		10,379,522,933
3	Mr. Sarbeswar Sahoo	Retired : 8/11/2021	-	-	-	-	-
4	Mr. Muftau Olakunle Oyegunle		Leadway Assurance Limited	5,506,532	807,389,393	5,506,532	807,389,393
5	Mr. Gopalan Raghu	Retired:28/4/21 Accepted On: 28/4/21	Chanrai Group	-	186,271,231	-	186,271,231
6	Mr. Anjay Dey	Resigned: 12/3/21 Accepted On 27/7/21	-	-	-	-	-
7	Mrs Funmi Oyetunji		(Independent Non-Executive Director Designate)-	11,844		11,844	
8	Mr. Raja Vadlamudi			-	-	-	-
9	Mrs. Rekha Gopalkrish	Appointment : 28/4/21 Approval: 13/9/21					-
10	Mr Rajesh Kamble	Appointment : 9/3/2021 Approval: 30/6/21					
11	Mr Prasad N.S.R		-	-	-	-	-

REPORT OF THE DIRECTORS - CONTINUED

Directors' Interest in Contracts

No Director has given notice for the purpose of the Companies and Allied Matters Act, 2020, to the effect that he is a member of a Company which could be regarded as interested in a contract with the Company.

Major Shareholders

As at the date of this report, no person or Company held more than 5% of the Issued Share Capital except:

	2021 50k Share Number	%	2020 50k Share Number	%
The New India Assurance Company Limited, Mumbai	10,379,522,933	78.32	10,379,522,933	78.32
Leadway Assurance Company	807,389,393	6.1	807,389,393	6.1

Employment of Disabled Persons

The Company has no employee recorded as disabled. It is, however, the Company's policy to consider persons for employment bearing in mind the aptitudes and abilities of the applicants concerned and facilities available to them.

Health and Welfare of Employees

The Company subsidizes the medical and transportation expenses of staff and grants them Housing and Lunch allowances. There is a Group Life Insurance Policy for all categories of staff and gratuity and pension scheme.

In addition, the Company offers scholarship in Higher Institutions to one brilliant child per employee.

Employee's Training and Development

The employees are the Company's most valuable and cherished resource. The Company is therefore committed to their continuous training and development which cut across all categories of staff.

The courses are aimed at broadening their technical/professional knowledge as well as managerial skills to keep them abreast with new developments in the industry.

During the year under review, the Company utilized the professional training services of several organizations for the benefit of staff

Implications of covid-19 on business and financial operations

Following the discovery of a Coronavirus case in Nigeria in the last week of February 2020, an immediate crisis management plan was developed to guide the Company's decision and response to the crisis. The immediate plan was for the prevention stage in the normal course of business while the next level was for escalated response stages.

The 1st crisis level was activated on the 3rd week of March 2020 when Access bank informed of the visit of one Covid positive patient to their Ligali Ayorinde Branch on 16th of March 2020. Since most of our staffs are having their accounts in that Branch, employees who visited the Branch during that week were advised to go for self-quarantine for two weeks.

Implications of covid-19 on business and financial operations- continued

to ensure the services running smoothly with an adequate level of monitoring and assessment, which include daily activity tracking and online briefing on the state of affairs regularly.

Upon declaration of total Lockdown with effect from 31st March 2020 which required the Company to run the operations remotely while the employees were advised to work from home (WFH). The Company thus far has continued

On partial easing of the lockdown with effect from 4th May 2020, we are working with 30% to 40% staff resuming office on a weekly roster basis while other employees are advised to work from home.

Covid-19 impact on business activities
Just like other businesses in the world, COVID-19 has impacted extensively on our business activities, but we have continued to enhance our capacity and resources towards achieving a smooth and unhindered alternative Work-From-Home.

Our business activities with respect to key functions during this period is as follows:

Operations
Our core activities are driven by Prestige Business Solution (PBS) which is hosted in the Cloud. Each user is having access permission based on their job allocation and responsibility. Since the solution is hosted in Cloud it can be accessed by users anywhere any time provided the user has an internet connection and the login id and password.

We have organized ourselves to provide the services to our customers in the following manner during lockdown period.

1. Issuance of quotes for policies by mail.
2. Underwriting of the policy and issuance of policy certificates (soft copies) by mail.
3. New proposal is accepted only with the approval of ED (Tech).
4. Coordinating with the brokers, clients and adjusters for the claims. This is being done with the close supervision of Head of Claims Department and ED (Tech).
5. The Head of Accounts Department is confirming the premium receipts based on the email alert received from the banks.
6. Payment during this period are being made with proper approval on the mail by the competent authority.
7. The Head of Internal Audit is advised to submit a comprehensive report on the transactions of each day to the Managing Director.
8. The Head of IT and his team will be available via phone/WhatsApp/email to give support.
9. The Head of IT is also advised to send a separate report on the transactions of each day from his end to ED (Tech) with a copy to Managing Director.
10. The CFO has to report the financial transactions on a daily basis to the Managing Director.
11. The Head HR is advised to coordinate with the security agency for the safety and security of our premises and report to the undersigned on a daily basis.
12. To facilitate all these, we have provided data to the respective users for internet. Most of our employees have been allotted CUG telephone lines, thereby communication over the phone is easy. We also have a WhatsApp group of Prestige employees for group communication.
13. The Head Business Development is advised to coordinate with our Marketers/Branch In charges as well as with the Brokers/customers for providing seamless basic services.

REPORT OF THE DIRECTORS – CONTINUED

Information Technology

1. We could achieve around 85% of staff to work from home partly due to availability of resources, criticality of process and requirement for physical presence (visits).
2. To achieve a stress-free Work from Home (WFH) status, we continued online interactions and engagement with staff through product knowledge, health & wellness nuggets, policy reminders and e-learning resources.
3. We instituted a call tree approach for staying in touch with staff and established a weekly virtual meeting by staff working from home.

Risk Control & Compliance

1. There was an increased enterprise-wide business continuity risk.
2. Physical audit inspection and branch audit have been hampered but some aspects of audit functions are remotely handled.
3. Statutory returns on soft copies cannot be supported with hardcopy returns but Regulator has consented to rendition upon relaxation of lockdown.
4. Business Continuity was invoked appropriately with adequate monitoring by Risk Management team.
5. Conducted Risk & Control Assessment of Work-From-Home
6. Inventory of the business activities that might expose the organization to compliance, regulatory and reputational risks was taken and analyzed.
   NAICOM will be coming out with post COVID measures including recapitalization matter later.

Financial Implications

1. There was a drastic reduction in premium income from Aviation, travels insurance and oil and Energy business when compared with previous year figure.
2. Transfer instructions and electronic settlement documentation to banks and other counterparties was implemented.

3. There was a rise in information technology expenses owing to the purchases of data plans and new laptops to facilitate WFH arrangement.

The Way Forward

We are of the opinion that a change in business model and our approach to work would be developed further as there are a number of benefits to the organization and staff in having an environment where people are enabled to work from home. To this end, the following additional changes/enhancements are being developed as well as some other matters that will require our attention:

Customer Relationship Management

1. Increase campaign to drive clients' email update
2. Embark on a drive to increase the use of our digital/self-service channels including a WhatsApp customer support channel.
3. Adopt e-learning approach to training of staff, enterprise-wide.
4. Develop an online risk placement platform to make prospects sign up from the comfort of their homes or offices.

REPORT OF THE DIRECTORS – CONTINUED

Information Technology

1. Provide power storage devices and high-speed internet connectivity services for users.
2. Introduce a collaboration tool that supports different channels for handling and tracking requests.
3. Equip the IT store with adequate standby replacement tools in the event of damage or loss of work tools.
4. Continue to increase user awareness on the security threats that users are exposed to and what precautions to take.
5. Mitigate Desktop based applications to secured Web based application.

Human Resources

1. Introduce provisions for using technology to streamline certain processes (such as Learning & Development, Recruitment, Customers & Vendor Management).
2. Implement Alternative Work Arrangements (WFH).
3. Conduct a health survey to check state of health of staff, in preparation for full resumption
4. Follow health & safety regulations for re-opening Prestige premise

Risk Control & Compliance

1. Expand the scope of the organization's business continuity plan to cater for extreme disasters.
2. Develop a robust stress testing model that will incorporate extreme scenarios
3. Improve the knowledge of Control staff to use ACL tool in order to increase automation of reviews.
4. Proactively scan the business environment to identify new and emerging risks.
5. Focus on the adjustments to be made based on lessons learned from this experience and ahead of future crisis.
6. Conduct assessment of our data streams and identify compliance related gap

Financial Management

1. Conduct business/financial impact analysis.
2. Retain electronic documentation and sign-off process
3. Review of tax strategy to take full advantage of available reliefs
4. Review of increase in technology cost vis-à-vis possible savings from discontinuation of conventional business methods and processes.

Conclusion

Continuous assessment of the imminent risks is being carried out to ensure appropriate decision is taken to engender Company sustainability.

Auditor

Ernst & Young has expressed its willingness to continue as the Company's auditor in accordance with Section 401 (2) of the Companies and Allied Matters Act, 2020.

By Order of the Board

Mrs Ibe-Louis Chidinma
Acting Company Secretary
FRC/2021/002/00000023803
19, Ligali Ayorinde Street
Victoria Island, Lagos
Dated: .11.. March 2022

PRESTIGE ASSURANCE PLC

ANNUAL REPORT AND

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FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that show the true and fair view, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, 2020, the Insurance Act 2003 and the Financial Reporting Council of Nigeria Act, No. 6, 2011 .

The Directors are of the opinion that the audited financial statements show the true and fair view, in all material respects, the state of the financial affairs of the Company and of its profit and other comprehensive income. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the audited financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

....	....
Dr. Adedoyin Salami	**Mr. Rajesh Kamble**
Chairman	**Managing Director/CEO**
FRC/2021/IODN/00000019408	FRC/2022/PRO/DIR/003/00000023923

..11.. March 2022

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INDEPENDENTAUDITOR'S REPORT

TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestige Assurance Plc ("the Company") which comprise the statement financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC – Continued

Key Audit Matters – Continued

Key Audit Matter	How the matter was addressed in the audit
Actuarial Valuation of Insurance Contract Liabilities Prestige Assurance Plc has material insurance contract liabilities from non-life businesses of ₦7.088 billion (2020: ₦4.836 billion) representing 83% (2020: 79%) of total liabilities of the Company. Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit. At each reporting date, an assessment is made to determine whether the recognized insurance liabilities are adequate by carrying out a liability adequacy test. The Company reviews its unexpired risk, and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant insurance technical provisions. Consistent with the insurance industry practice, the Company engaged an independent actuary to test the adequacy of the valuation of insurance contract liabilities as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models.	**Our procedures included the following:** With the assistance of our in-house actuarial specialists, we performed the following audit procedures on the Company's actuarial valuation reports: • We considered the appropriateness of the assumptions used in the valuation of the insurance contracts with reference to the Company's and industry's data and expectations of investment returns, future longevity and expense developments. • We considered the appropriateness of the non-economic assumptions used in the valuation of the insurance contracts in relation to laps or extension assumptions by reference to Company's specific and industry data. • We assessed the competence and objectivity of the Company's independent actuary, confirming they are qualified and affiliated with the appropriate industry bodies. • We assessed the design and tested the operating effectiveness of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes. • We performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates. • We performed subsequent year claim payments to confirm the reasonableness of the initial loss estimates.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC - Continued

Key Audit Matters - Continued

Key Audit Matter	How the matter was addressed in the audit
Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions and small changes in a number of these key assumptions could have a material impact on the calculation of the liabilities. Insurance contract liabilities and related accounting policies are disclosed in Notes 31 and 2.3.13 respectively to the financial statements.	• We also reviewed the qualitative and quantitative disclosures for appropriateness and reasonableness to ensure conformity with required guidelines of National Insurance Commission (NAICOM).

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Prestige Assurance Plc Annual Report and Audited Financial Statements for the year ended 31 December 2021", which includes Corporate Information, the Results at a Glance, the Report of Directors, Certification Pursuant to Section 60(2) of Investment & Securities Act No. 29 of 2007, the Corporate Governance Report, the Report of the Statutory Audit Committee, Statement of Directors' Responsibilities in Relation to the Preparation of the Financial Statements, and Other National Disclosures as required by the Companies and Allied Matters Act 2020, and the Financial Reporting Council Act, No. 6, 2011, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, the relevant provisions of the Companies and Allied Matters Act 2020, Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal controls as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC - Continued

Responsibilities of the Directors for the Financial Statements - Continued

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESTIGE ASSURANCE PLC - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;

iii) The statements of financial position and the statements of profit or loss and other comprehensive income are in agreement with the books of account.

Contraventions
The Company did not incur any penalty or fine in respect of any contraventions during the financial year.

Jamiu Olakisan, FCA
FRC/2013/ICAN/00000003918

For: Ernst & Young
Lagos, Nigeria
31 March 2022

1. Corporate information

a) Prestige Assurance Plc ("the Company") was incorporated on 6 January 1970. The Company is a subsidiary of New India Assurance Limited which was established on 18 August 1918.

Its registered office is located at 19, Ligali Ayorinde Street, Victoria Island, Lagos, Nigeria. The Company is regulated by the National Insurance Commission of Nigeria (NAICOM).

The financial statements for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Directors on 11 March 2022.

b) Principal activity

The Company is licensed to carry out non-life insurance business. The Company provides cover in all classes of insurance, basically non-life treaty and facultative insurance, backed by reinsurer in the London and African reinsurance markets. The products and services by the Company cut across general accident, energy, fire, marine, workers compensation, terrorism and bond.

2. Significant accounting policies

2.1 Introduction to significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of presentation and preparation

The financial statements of Prestige Assurance Plc have been prepared on a going concern basis and is presented in order of liquidity. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Additional information required by national regulations, the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011, Insurance Act 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.
The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, the summary of significant accounting policies and the notes to the financial statements.

b) Basis of measurements

The preparation of these financial statements has been based on the historical cost basis except for investment properties, land and building, financial assets at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets at acquisition date. In accordance with IFRS 4: Insurance Contracts, the Company has applied existing accounting policies for its Non-life insurance contracts, modified as appropriate to comply with the IFRS framework. The principal accounting policies are set out below.

2.3 Summary of significant accounting policies – continued

2.3.1 Foreign currency translation

I. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira which is the Company's functional and presentation currency.

II. Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency at the spot rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss.

2.3.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.3.3 Financial instruments

a) Recognition and initial measurement

- Initial recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The Company uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

- Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in Net fair value (loss)/gain on financial assets. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

b) Amortised cost and gross carrying amount

2.3 Summary of significant accounting policies – continued

2.3.3 Financial instruments – continued

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c) Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

d) Classification of financial instruments

The Company classifies its financial assets under IFRS 9, into the following measurement categories:

- those to be measured at fair value through other comprehensive income (FVOCI) without recycling (equity instrument),
- those to be measured at fair value through profit or loss (FVTPL) (equity instrument); and
- those to be measured at amortised cost (debt instrument).

The classification depends on the Company's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test). The Company also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

e) Subsequent measurements

(i) Financial assets

The subsequent measurement of financial assets depends on its initial classification:

✓ Debt instruments

Financial assets at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.3 Summary of significant accounting policies – continued

2.3.3 Financial instruments – continued

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as ‘Interest income’. The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's gross carrying amount.

✓ Equity instruments

The Company subsequently measures all equity investments at fair value. The Company has designated its unquoted equity instruments to be measured at fair value through other comprehensive income (FVOCI) since the investments are not held for trading. For these instruments, the Company present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income (under Investment income) when the Company’s right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other equity financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/ (loss) gain on financial assets in the profit or loss.

Business Model assessment

The Company assess the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Insurer's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Insurer's stated objective for managing financial assets is achieved and how cash flows are realized.

2.4 Summary of significant accounting policies – continued

2.3.3 Financial instruments – continued

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely payments of principal and interest (SPPI) assessment

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification. Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

ii) Financial liabilities

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs on these instruments are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.
Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company has financial liabilities (N6,777,000) in the reporting period (2020: N10,043,000).

f) Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).
The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

2.5 Summary of significant accounting policies – continued

2.3.3 Financial instruments – continued

- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models

Financial liabilities are not reclassified after initial classification.

g) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

g) Modifications of financial assets and financial liabilities - continued

(ii) Financial liabilities

The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

h) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

2.6 Summary of significant accounting policies – continued

2.3.4 Financial instruments – continued

a) Impairment of financial assets -continued

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agusto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company's debt instruments at amortised cost comprise quoted sovereign bonds, corporate bonds, and others that are graded in the top investment category. The Company's fixed income investment portfolio consists of Investment grade and low speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following
• Disclosures for significant estimates Judgements and assumptions - Note 2.6
• Financial risk disclosures - Notes 47b in the financial statements

b) Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

• continued contact with the customer is impossible;
• recovery cost is expected to be higher than the outstanding debt;
• amount obtained from realization of credit collateral security leaves a balance of the debt; or
• it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

2.7 Summary of significant accounting policies – continued

2.3.3 Financial instruments – continued

a) Write-off -continued

Any subsequent recoveries are credited to credit loss expense. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Company's procedures for recovery of amount due.

b) Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth rate
- Unemployment rates
- Inflation rates
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

c) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when its contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.8 Summary of significant accounting policies – continued

2.3.4 Income and expenses (Revenue recognition) – continued

e) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.3.5 Income and expenses (Revenue recognition)

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchase or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised (excluding modifications) for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in profit or loss.

a) Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b) Calculation of interest income and expenses

The Company calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as ‘Stage 3’, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Company reverts to calculating interest income on a gross basis.

2.9 Summary of significant accounting policies – continued

2.3.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2.3.6 Impairment of non-financial assets

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of each reinsurance contract.

The reinsurers' share of unearned premiums (i.e., the reinsurance assets) are recognised as an asset using principles consistent with the Company's method for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

The Company assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss.

2.3.7 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable, can be measured reliably and it is probable that they will be recovered. All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying the acquisition costs to the ratio of unearned premium to written premium. The DAC asset is tested for impairment annually and written down when it is not expected to be fully recovered.

2.3 Summary of significant accounting policies – continued

2.3.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

✓ Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

✓ Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option if reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease if that rate can be determined. if that rate cannot be determined, the Company shall use its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.3 Summary of significant accounting policies – continued

2.3.8 Leases – continued

The Company's lease liabilities are included in other liabilities (Note 33).

ii. Company as a lessor

Finance lease are recognised when the Company transfers substantially all the risks and rewards of ownership of the leased assets to the lease. Investment in finance lease at commencement is initially recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments (discounted at the interest rate implicit in the lease, if practicable, or else at the entity's incremental borrowing rate. The finance lease is recorded as a receivable, at an amount equal to the net investment in the lease.

Interest income on investment in finance lease is recognised in the profit or loss as investment income in the period the interest is receivable. An investment in finance lease is impaired using IFRS 9 expected credit loss model (see note 2.3.3(h)).

2.3.9 Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land (held by a lessee), is initially recognised at cost. Subsequently, investment property is carried at fair value at the reporting date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as expense in the year in which it is incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

2.3.9 Intangible assets

Intangible assets comprise computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Expenditure that is reliably measurable and meets the definition of an assets is capitalized.

2.3 Summary of significant accounting policies – continued

2.3.10 Intangible assets- continued

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives for the current and comparative period are as follows:

Computer software	10 years

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss

2.3.11 Property, plant and equipment

i. Recognition and measurement

All property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the assets. An asset is recognized when it is probable that the economic benefits associated with the item flow to the entity and cost can be reliably measured.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

The estimated depreciation percentage for the current and comparative period are as follows:

Plant and machinery	12.5%
Buildings	2% of cost/valuation
Furniture, fittings and office equipment	10%
Computer equipment	33 1/3%
Motor vehicles	25%

2.3 Summary of significant accounting policies – continued

2.3.12 Property, plant and equipment- continued

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv. Revaluation of land and building

Property, plant & equipment are initially recorded at cost. Land and building are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When a property is revalued, any increase in it carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the of profit or loss.

When the value of a property is as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in profit or loss.

When revalued assets are being depreciated, part of the surplus is being realized as the asset is used. The amount of the surplus realized is the difference between the depreciation charged on the revalued amount and the lower depreciation which could have been charged on cost now reclassified from property revaluation reserve to accumulated losses but not through profit or loss.

The revaluation of land and building is carried out every three (3) years or when there are indications of significant changes in the value of the property whichever is shorter.

v. De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.3.13 Statutory deposit

Statutory deposit represents a fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General (non-life) insurance business. Interest income on the deposit is recognised in profit or loss in the period the interest is earned.

2.3 Summary of significant accounting policies – continued

2.3.14 Insurance contracts and insurance contract liabilities

In accordance with IFRS 4 insurance contracts, the Company has continued to apply the accounting policies it applied in accordance with Nigerian GAAP. These contracts are accident, workmen's compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Company's customers against the risk of harm from unforeseen events to their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

Others forms of Insurance contracts include but are not limited to workmen's compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company i.e., Claims incurred but not reported (IBNR) which is actuarial valuation. The Company does not discount its liabilities for unpaid claims other than for workmen compensation

claims. Liabilities for unpaid claims are estimated using the impute of assessments of provision reported to the Company and analysis for the claims incurred but not reported (IBNR).

Reinsurance contracts held
The Company holds the under - noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Company and Reinsurers.
- Facultative Reinsurance Outward is usually between the Company and other insurance companies or between the Company and Reinsurers.
- Facultative reinsurance inwards are usually between the Company and other insurance Companies or between the Company and Reinsurers.

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received.
Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amount associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

2.3 Summary of significant accounting policies – continued

2.3.14 Insurance contracts and insurance contract liabilities-continued

The Company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuary. These include unearned premiums reserve and outstanding claim reserve.

i. Unearned premium reserve

Unearned premium provision is calculated using a time - apportionment basis, in particular, the 365ths method.

ii. Outstanding claims reserve

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, changes in reported claims and for claims incurred but not reported (IBNR), based on past experience and business in force.

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test carried out by an Actuary.

iii. Liability adequacy test

At the end of each reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests.

The provisions of the Insurance Act, 2003 require an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act No.6, 2011 gives superiority to the provisions of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act, 2003, it supports the Company's prudential concerns.

iv. Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.3 Summary of significant accounting policies – continued

2.3.15 Trade payables

Trade payables (i.e., insurance payables) are recognised when due and measured on initial recognition at fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The fair value of a non-interest-bearing liability is its repayment amount. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.3.16 Provisions and other payables

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best of estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.3.17 Retirement obligations and employee benefits

The Company operates the following contribution and benefit schemes for its employees:

Defined benefit gratuity scheme

The Company has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the Company and charged to the statement of profit or loss over the service life of each employee.

The Company recognizes the following changes in the net defined benefit obligation under ''the employee benefit expense''. Service costs comprising current service costs, past services costs, gains and losses on curtailment and non-routine settlements.

Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using market yields on high quality corporate bonds. The liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

2.3 Summary of significant accounting policies – continued

2.3.17 Retirement obligations and employee benefits - continued

Defined benefit gratuity scheme -continued

Re-measurement arising from actuarial gains and losses are immediately recognized in the statement of financial position with corresponding debit or credit recognized in the retained earnings through OCI in periods in which they occur. Re-measurement are not reclassified in subsequent periods. Past service costs are recognized in the profit or loss on the earlier of:

- The date of plan amendment or curtailment and.
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset using the rate at the beginning of the period. The Company recognizes the net interest in the net defined benefit obligation under ''the employee benefit expense''.

Defined contribution pension scheme

The Company operates a defined contributory pension scheme for eligible employees. The Company and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses when the associated services are rendered by the employees of the Company.

2.3.18 Income taxes - Company income tax and deferred tax liabilities

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differ from results as reported in the profit or loss because it includes not only items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

2.3 Summary of significant accounting policies – continued

2.3.19 Income taxes - Company income tax and deferred tax liabilities - continued

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The tax effects of carryforwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.3.20 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

2.3.21 Statutory contingency reserve

In compliance with Section 21 (2) of Insurance Act, CAP I17 LFN 2004, the contingency reserve is credited with the greater of 3% of gross premium written, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

2.3.22 Retained earnings

This reserve represents amount set aside out of the profits of the Company which shall at the discretion of the Directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

2.3 Summary of significant accounting policies – continued

2.3.23 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the equity instruments designated at fair value through other comprehensive income. This amount cannot be recycled to profit or loss in subsequent period even if the instruments are derecognized.

2.3.24 Property revaluation reserve

Subsequent to initial recognition, an item of property, plant and equipment may be revalued to fair value. However, if such item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognized in equity, unless it reverses a decrease in the fair value of the same asset, which was previously recognized as an expense, in which case it is recognized in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognized in profit or loss.

2.3.25 Gratuity valuation reserve

The gratuity valuation reserve comprises the cumulative net change in the re-measurement gain/(loss) on defined benefit plans.

2.3.26 Prepayments and other receivables

a) Prepayments:
Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.
b) Other receivables:
Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received or utilised.

2.3.27 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities and contingent assets are never recognized rather they are disclosed in the financial statements when they arise.

2.3 Summary of significant accounting policies – continued

2.3.28 Premium and unearned premium

Premiums written comprise the premium on contracts incepting in the financial year. Premiums written are stated gross of commission payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premium.

2.3.29 Reinsurance expenses

Reinsurance costs represent outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

2.3.30 Fee and commission

Fees and commission income consist primarily of agency and brokerage commission, reinsurance and profit commissions, and other contract fees. Reinsurance commission receivables are deferred in the same way as acquisition costs. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods in accordance with IFRS 15 – Revenue from contract with customers.

2.3.31 Claims expense

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. (See policy for reserve for outstanding claims above) The gross provision for claims represents the estimated liability arising from claims in current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

The gross provision for claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in profit or loss in the financial period in which adjustments are made and disclosed separately if material.

2.3.32 Acquisition costs and maintenance expenses

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision (See policy for Deferred Acquisition Cost above). Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Maintenance expenses are those incurred in servicing existing policies/contract.

2.3.33 Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

2.3 Summary of significant accounting policies – continued

2.3.34 Finance income and expenses

Finance income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance costs' in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the finance income or finance costs over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate.

Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.3.35 Income tax expense

Income tax expense comprises current income tax, education tax, police development levy, information technology development level and deferred tax. (See policy on taxation above).

2.3.36 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4 Changes in accounting policies and disclosures- continued

a) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

b) Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company,

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.4 Changes in accounting policies and disclosures- continued

a) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.
The Company is currently assessing the impact of IFRS 17 in its financial statements and its impact on the Company financial statements is being reviewed as at 31 December 2021.

b) IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

c) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

2.5 Standards issued but not yet effective - continued

d) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures

e) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

f) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

g) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

2.5 Standards issued but not yet effective - continued

g) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 - continued

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

h) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not applicable to the Company

i) IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendment is not expected to have a material impact on the Company.

j) Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

2.5 Standards issued but not yet effective - continued

k) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendment will be effective for annual periods beginning on or after 1 January 2023. The Company is currently assessing the impact on its financials.

2.6 Significant accounting judgements estimates and assumptions

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.6.1 Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a) Insurance product classification and contract liabilities

The Company's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied GAAP. Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

2.6 Significant accounting judgements estimates and assumptions- continued

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed, and appropriate action taken to ensure that there are no going concern threats to the operation of the Company. The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the next 12 months ahead.

b) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (‘IBR’) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as FGN Bond interest rates) and is required to make certain entity-specific adjustments (such as the Company’s stand-alone credit rating, or to reflect the terms and conditions of the lease) and assets specific adjustment (such as property yield).

c) Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

2.6 Significant accounting judgements estimates and assumptions- continued

d) Valuation of Non-life insurance contract liabilities

For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of insurance business, ultimate cost of claims is often not established with certainty until after the reporting date and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Loss ratio method and BCL methods. The BCL method assumes that past experience is indicative of future experience i.e., claims recorded to date will continue to develop in a similar manner in the future while Loss ratio method is used for classes with limited claims payments or history and therefore a BCL method would be inappropriate. The loss ratio method allows for an estimate of the average ultimate loss ratio which needs to be assumed, it uses the incurred and paid to date loss ratio that have been experienced to date in previous accident years.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.
Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of theses liabilities and the attached uncertainty. The carrying value at the reporting date of non-life insurance contract liabilities is N7,088,713,000 (2020: N4,836,742,000).

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the profit or loss.

e) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The carrying value at the reporting date of net deferred tax liabilities is N454,071,000 (2020: N453,539,000). Further details on taxes are disclosed in Note 15 to the financial statements.

a) Valuation of pension benefit obligation

The cost of defined benefit pension plans, and other post-employments benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 34 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation is N207,102,000 (2020: N195,543,000).

2.6 Significant accounting judgements estimates and assumptions- continued

b) Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2021. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 26 to the financial statements.

c) Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding
the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

i. S&P credit grading model of obligors which assigns PDs to the individual grades
ii. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
iii. Development of ECL models, including the various formulas and the choice of inputs
iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs
v. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: The Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

2.6 Significant accounting judgements estimates and assumptions- continued

a) Impairment losses on financial assets - continued

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio-based parameters to individual financial assets in this portfolio by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:
1) The contractual cash flows that are due to the Company under the contract; and
2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:

The expected lifetime of a financial asset is a key factor in determine the lifetime expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

b) Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

I. Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year.
II. Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 2.3.13(ii) on accounting policy for outstanding claims.

III. Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under note (37) and note 2.3.21 to cover fluctuations in securities and variation in statistical estimates.
IV. Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act as set out under note 48(c).
V. Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid-up share capital with the Central Bank of Nigeria as set out under note 29;

2.6 Significant accounting judgements estimates and assumptions- continued

a) Regulatory authority and financial reporting- continued

VI. Section 25 (1) requires an insurance Company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer. See note 20 for assets allocation that covers policy holders' funds.

The Financial Reporting Council of Nigeria Act No. 6, 2011 which requires the adoption of IFRS by all listed and significant public interest entities provides that in matters of financial reporting, if there is any inconsistency between the Financial Reporting Council of Nigeria Act No. 6, 2011 and other Acts which are listed in Section 59(1) of the Financial Reporting Council of Nigeria Act No. 6, 2011, the Financial Reporting Council of Nigeria Act No. 6, 2011 shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the Financial Reporting Council of Nigeria Act No. 6, 2011 has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

(i) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 2.3.28 on accounting policy for unexpired risk and unearned premium.

PRESTIGE ASSURANCE PLC
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 ₦'000	2020 ₦'000
Gross premium written		9,274,005	7,008,747
Gross premium income	3	8,961,461	6,699,277
Reinsurance expenses	4	(4,367,716)	(3,228,017)
Net premium income		4,593,745	3,471,260
Fees and commission income	5	989,864	806,651
Net underwriting income		5,583,609	4,277,911
Claims expenses	6	(2,363,071)	(1,703,686)
Acquisition expenses	7	(1,421,615)	(1,082,757)
Maintenance expenses	8	(997,176)	(691,617)
Underwriting expenses		(4,781,862)	(3,478,060)
Underwriting profit		801,747	799,851
Interest income calculated using the effective interest method	9	564,810	422,236
Other investment income	10	273,395	240,019
Net fair value gain on financial assets at FVTPL	20.1	11,817	3,246
Net fair value gain/(loss) on investment property	26	39,198	(43,553)
		1,690,967	1,421,799
Other operating income	11	70,921	94,782
		1,761,888	1,516,581
Management expenses	12	(1,026,411)	(835,576)
Credit loss (expense)/reversal on financial assets	13	(1,968)	10,611
Results from operating activities		733,509	691,616
Finance costs	14	(1,283)	(5,707)
Profit before income tax expense		732,226	685,909
Income tax expense	15.1	(43,942)	(7,602)
Profit for the year		688,284	678,307
Other comprehensive income:			
Items within OCI that will not be reclassified to profit or loss in subsequent periods net of tax:			
Revaluation gain on equity instruments at fair value through other comprehensive income	16	227,897	108,527
Re-measurement gain on defined benefit plan (net of tax)	16	7,471	16,069
Total other comprehensive income for the year, net of tax		235,368	124,596
Total comprehensive income for the year, net of tax		923,652	802,903
Basic earnings per ordinary share (kobo)	17	5.19	9.78
Diluted earnings per ordinary share (kobo)	17	5.19	9.78

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

PRESTIGE ASSURANCE PLC
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Financial Position
As at 31 December 2021

		31 December 2021	31 December 2020
Assets		₦'000	₦'000
Cash and cash equivalents	19	4,311,842	1,369,570
Financial assets:			
- Fair value through profit or loss	20.1	223,298	200,808
- Equity instruments at fair value through other comprehensive income	20.2	2,458,312	2,230,415
- Debt instruments at amortised cost	20.3	3,366,929	2,935,916
Trade receivables	21	28,169	99,178
Prepayments and other receivables	22	169,705	196,017
Reinsurance assets	23	5,871,208	3,198,490
Deferred acquisition costs	24	355,125	258,866
Finance lease receivables	25	428,034	378,983
Investment property	26	2,587,084	2,547,886
Intangible assets	27	23,283	28,181
Property, plant, equipment and right-of-use assets	28	1,456,389	1,439,905
Statutory deposit	29	300,000	300,000
Deposit in escrow account with the CBN	30	-	3,320,710
Total assets		21,579,378	18,504,925
Liabilities			
Insurance contract liabilities	31	7,088,713	4,836,743
Trade payables	32	262,461	270,739
Other liabilities	33	482,795	266,685
Retirement benefits obligation	34	207,102	195,543
Current income tax payable	15.2	88,504	78,281
Deferred tax liabilities	15.3	454,071	453,539
Total liabilities		8,583,646	6,101,530
Equity			
Share capital	35	6,626,281	6,626,281
Share premium	36	36,623	36,623
Retained earnings	38	858,102	752,401
Statutory contingency reserve	37	2,684,021	2,405,800
Gratuity valuation reserve	39.1	14,973	7,502
Fair value reserve	39.2	2,038,166	1,810,269
Property revaluation reserve	39.3	737,566	764,519
Total equity		12,995,732	12,403,395
Total liabilities and equity		21,579,378	18,504,925

These financial statements were approved by the Board of Directors and authorized for issue on 11 March 2022 and signed on its behalf by:

Dr. Adedoyin Salami	Mr. Rajesh Kamble	Mr. Oluwadare Emmanuel
Chairman	Managing Director/CEO	Chief Financial Officer
FRC/2019/IODN/00000019408	FRC/2022/PRO/DIR/003/00000023923	FRC/2013/ICAN/00000003649

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

	Notes	Share capital (Note 36)	Share premium (Note 37)	Retained earnings (Note 39)	Statutory contingency reserve (Note 38)	Gratuity valuation reserve	Fair value reserve	Property revaluation reserve	Total equity
		₦'000	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000
As at 1 January 2021		6,626,281	36,623	752,401	2,405,800	7,502	1,810,269	764,519	12,403,395
Profit for the year		-	-	688,284	-	-	-	-	688,284
Other comprehensive income net of tax	16	-	-		-	7,471	227,897		235,368
Total Comprehensive income net of tax				688,284		7,471	227,897	-	923,652
Transactions with equity holders, recorded directly in equity:									
Transfer to statutory contingency reserve	37	-	-	(278,220)	278,220	-	-	-	-
Transfers from property revaluation reserve	39.3.1	-	-	26,953	-	-	-	(26,953)	-
Cash dividends	18	-	-	(331,315)	-	-	-	-	(331,315)
At 31 December 2021		6,626,281	36,623	858,102	2,684,021	14,973	2,038,166	737,566	12,995,732

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2021

	Notes	Share capital (Note 36)	Share premium (Note 37)	Retained earnings (Note 39)	Statutory contingency reserve (Note 38)	Gratuity valuation reserve	Fair value reserve	Property revaluation reserve	Total equity
		₦'000	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000
As at 1 January 2020		2,691,275	327,548	746,727	2,195,538	(8,567)	1,701,742	791,472	8,445,735
Profit for the year		-	-	678,307	-	-	-	-	678,307
Other comprehensive income net of tax	16	-	-	-	-	16,069	108,527	-	124,596
Total comprehensive income net of tax		-	-	678,307	-	16,069	108,527	-	802,903
Transactions with equity holders, recorded directly in equity:									
Issue of share capital	35.2	3,445,682	-	-	-	-	-	-	3,445,682
Issue of bonus shares	35.1	489,324	-	(489,324)					-
Issuance cost	36	-	(290,925)	-	-	-	-	-	(290,925)
Transfer to statutory contingency reserve	37	-	-	(210,262)	210,262	-	-	-	-
Transfers from property revaluation reserve	39.3.1	-	-	26,953	-	-	-	(26,953)	-
At 31 December 2020		6,626,281	36,623	752,401	2,405,800	7,502	1,810,269	764,519	12,403,395

See accompanying summary of significant accounting policies and notes to the financial statements which form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2021

	Notes	2021 ₦'000	2020 ₦'000
Cash flows from operating activities			
Premiums received from policy holders		9,345,014	6,931,185
Commissions received		907,226	784,459
Commission paid	7	(1,517,874)	(1,116,987)
Reinsurance premium paid		(4,785,105)	(3,332,273)
Claims paid	6	(6,401,341)	(3,269,678)
Claims recoverable from re-insurers	6	4,052,973	1,777,446
Other operating cash payments	40.1	(1,930,184)	(1,273,001)
Other operating cash receipts	11	11,310	9,680
Cash flows (used in)/ generated from operations		(317,981)	510,831
Recoveries	20.3.1	13,595	-
Income tax paid	15.2	(36,389)	(30,644)
Benefits paid	34	(8,876)	(36,673)
Net cash flows (used in)/from operating activities	40	(349,651)	443,514
Cash flows from investing activities			
Purchase of property, plant and equipment	28	(142,566)	(23,747)
Proceeds from disposal of property, plant and equipment		5,740	650
Proceeds on redemption of debt instruments at amortised cost		54,736	544,953
Purchase of debt instruments at amortised cost	20	(446,057)	(860,383)
Purchase of financial assets at FVPL	20.1(a)	(25,104)	(78,952)
Proceed from sale of financial assets at FVPL	20.1(b)	24,691	95,692
Deposit in escrow account with CBN	30	-	(3,320,710)
Redemption of deposit in escrow account with CBN	30	3,320,710	-
Interest received	9	564,810	422,236
Other investment income	10	64,462	49,187
Dividends received	10	198,673	151,128
Net cash flows from/(used in) investing activities		3,620,095	(3,019,946)
Cash flows from financing activities			
Proceed from issue of ordinary shares	35	-	3,445,682
Cost of shares issued	36	-	(290,925)
Repayment of interest portion of lease liabilities	33.3	(1,283)	(5,707)
Repayment of principal portion of lease liabilities	33.3	(3,266)	(6,399)
Cash dividend paid	38	(331,315)	-
Net cash flows (used in)/from financing activities		(335,864)	3,142,651
Net increase in cash and cash equivalents		2,934,580	566,219
Cash and cash equivalents at beginning of year		1,369,570	788,080
Effects of exchange rate changes on cash and cash equivalents		7,692	15,271
Cash and cash equivalents at end of year	41	4,311,842	1,369,570

See accompanying summary of significant accounting policies and notes to the financial statements which form an

Notes to the financial statements - continued

			2021	2020
			₦'000	₦'000
3	Gross premium income			
	Gross premium written		9,274,005	7,008,747
	Changes in unearned income		(312,544)	(309,470)
			8,961,461	6,699,277
4	Reinsurance expenses			
	Outward reinsurance		4,776,814	3,254,996
	Decrease in prepaid reinsurance		(409,098)	(26,979)
			4,367,716	3,228,017
5	Fees and commission income			
	Reinsurance commission for the year includes:			
	Fire		568,773	507,295
	Marine and aviation		247,624	186,193
	Oil and energy		64,175	38,048
	Car and engineering		40,751	36,491
	General Accident		31,032	21,050
	Bond		3,828	7,636
	Agriculture		20,159	4,191
	Motor		5,304	3,365
	Terrorism and political risk		7,314	1,380
	Travel		28	866
	Goods-in-transit		876	136
	Total fees and commission income		989,864	806,651

Fees and commission income includes commission earned on insurance contracts ceeded to reinsurers during the reporting year.

			2021	2020
6	Claims expenses			
			₦'000	₦'000
	Claims paid during the year	(Note 31.2)	6,401,341	3,269,678
	Increase in outstanding claims		1,939,426	1,005,479
	Claims incurred in the current accident year	(Note 31.2)	8,340,767	4,275,157
	Change in re-insurance assets	(Note 23)	(1,924,723)	(794,025)
	Reinsurance claims recoveries		(4,052,973)	(1,777,446)
			2,363,071	1,703,686
7	Acquisition expenses			
	At 1 January		258,866	224,636
	Commission for the year	(Note 24)	1,517,874	1,116,987
	Gross commissions		1,776,740	1,341,623
	At 31 December		(355,125)	(258,866)
			1,421,615	1,082,757

Notes to the financial statements - continued

			2021	2020
8	Maintenance expenses		₦'000	₦'000
	Wages and salaries - Technical staff		315,791	216,678
	VAT on commission		165,859	132,237
	Insurance levy		94,874	70,000
	Travelling		75,971	46,427
	WHT on adjusters fees		71,148	-
	Risk inspection survey		41,307	39,474
	Medical		41,331	36,997
	Conveyance		25,269	34,265
	Motor running expenses		30,795	20,854
	Pension		21,723	19,768
	Entertainment and hotel expenses		21,565	18,576
	Postage, telephone and telegrams		13,143	14,283
	Staff welfare		12,483	13,383
	Leave encashment		25,814	12,979
	Staff training		27,901	10,196
	stamp duty		6,218	-
	Industrial Training Fund		5,984	5,500
			997,176	691,617
9	Interest income calculated using the effective interest method			
	-Interest income on bonds and treasury bills		368,147	341,151
	-Interest income on call and deposit accounts		160,416	47,758
	-Interest income on statutory deposit		33,590	31,309
	-Interest income on staff and other loans		2,657	2,018
			564,810	422,236
10	Other investment income			
	Dividend income	Note 10.1	198,673	151,128
	Finance lease income		64,462	49,187
	Realised gains on financial assets at FVTPL		10,260	39,704
			273,395	240,019

10.1 This consists of N181.51 million (2020: N141.17 million) dividend received from the Company's investment in unquoted securities and N17.16 million (2020: N9.96 million) investment in quoted securities.

			2021	2020
11	Other operating income		₦'000	₦'000
	Net foreign exchange gain		56,191	84,416
	Profit on disposal of property, plant and equipment		3,420	550
	Gain on derecognition of lease liabilities		-	136
	Insurance claims recovery		282	103
	Sundry income	(Note 11.1)	11,028	9,577
			70,921	94,782

Notes to the financial statements - continued

11 Other operating income - continued

11.1 Sundry income includes income generated from transferring ownership of finance lease assets at the end of the lease term. During the period, sundry income also includes N6.3 million (2020: N6.2 million) receipt on claims which had previously been written off in prior years but now recovered.

			2021	2020
12	Management expenses		₦'000	₦'000
	Wages and salaries - Administrative staff		210,532	236,490
	Office expenses		258,782	178,655
	Depreciation of property, plant and equipments & right-of-use assets	Note 28	123,762	99,720
	Other administrative expenses	Note 12.3	198,603	92,302
	Professional fees	Note 12.1	61,467	49,956
	Directors expense		28,840	41,782
	Subscription		19,912	21,979
	Printing expenses		20,184	16,188
udit fe	Auditor's remuneration	Note 12.4	16,000	16,000
	Insurance		17,399	15,810
	Advertisement and publicity		12,284	12,070
	Bank charges		15,563	10,863
	Amortisation	Note 27	4,898	5,798
	Residential rates and other expenses		2,835	4,048
	Productivity bonus		35,000	33,915
	Bad debt recovery expenses		100	-
	Fine	Note 12.2	250	-
			1,026,411	835,576
	Included in salaries and wages:			
	Post employment benefits other than pensions	Note 34	31,108	44,427

12.1 Other administrative expenses include AGM expenses, office repairs and maintenance, office guard expenses, computarisation, NITDA, gift expenses and donations.

12.2 The fine of N250,000 was paid in March 2021 which relates to the late filling of Minimum Rates to NAICOM on or before 1st of December of the preceding year.

12.3 Professional Fees includes fees paid to actuary consultants, tax services, estate valuers, legal counsel during the year

12.4 Ernst and Young, our auditor did not provide any non-audit services to the Company during the year.

Notes to the financial statements - continued

13 Credit loss (reversal)/expense on financial assets

The table below shows the ECL charges on financial instruments for the year ended 31 December 2021 in the income statement:

	2021			2020		
	Stage 1	Stage 3	Total	Stage 1	Stage 3	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents (Note 19.1)	989	-	989	(5,319)	-	(5,319)
Finance lease receivables (Note 25.2)	3,595	2172	5,767	2,832	-	2,832
Debt instruments measured at amortised costs (Note 20.3.1)	8,807	-	8,807	(1,185)	(6,939)	(8,124)
Recoveries of Dana bond(Note 20.3.1)	-	(13,595)	(13,595)	-	-	-
Total impairment loss	13,391	(11,423)	1,968	(3,672)	(6,939)	(10,611)

		2021	2020
		₦'000	**₦'000**
14 Finance costs			
Interest on lease liabilities	Note 33.3	1,283	5,707

Notes to the financial statements - continued

		2021	2020
		₦'000	**₦'000**
15	Taxation		
15.1	Income tax expense		
	Per statement of profit or loss :		
	Income tax charge	25,520	17,839
	Tertiary education tax	6,222	3,556
	Previous years under provision for income tax	6,593	-
	NITDF levy	8,236	-
	Police fund levy	41	-
	Current income tax expense	46,612	21,395
	Deferred tax credit	(2,670)	(13,793)
	Income tax expense	43,942	7,602
15.2	*Per statement of financial position:*		
	Current income tax payable		
	At 1 January	78,281	87,530
	Charged to profit or loss	46,612	21,395
	Payments during the year	(36,389)	(30,644)
		88,504	78,281
	Reconciliation of tax charge		
	Profit before income tax expense	732,226	685,909
	Tax at Nigerian's statutory income tax rate of 30%	219,668	205,773
	Non-deductible expenses	15,990	128,410
	Tax exempt income	(204,927)	(338,848)
	Previous years under provision of tax	6,593	-
	Tertiary education tax	6,222	3,556
	NITDF levy	8,236	-
	Police fund levy	41	-
	Tax rate differential on fair value gains	(7,841)	8,711
	At effective income tax rate of 6% (2020 : 1.1%)	43,982	7,602
15.3	Deferred Tax Liabilities		
	Deferred tax (assets)/liabilities are attributable to the following items:		
	Deferred tax liabilities:		
	Accelerated depreciation	406,503	403,170
	Fair value gains on investment properties	149,878	145,958
		556,381	549,128
	Deferred tax assets:		
	Impairment on financial assets	(37,516)	(36,926)
	Employee benefits	(64,794)	(58,663)
		(102,310)	(95,589)
	Net	454,071	453,539

Notes to the financial statements - continued

15 Taxation - continued

15.4 Movements in deferred tax liabilities during the year:

	2021 ₦'000	2020 ₦'000
As at 1 January	453,539	460,446
Recognised in profit or loss during the year:		
Accelerated depreciation	3,333	(10,295)
Fair value on investment properties	3,920	(4,355)
Impairment on financial assets	(590)	3,183
Employee benefits	(9,333)	(2,326)
Total recognised in profit or loss	(2,670)	(13,793)
Recognised in other comprehensive income during the year:		
Employee benefits	3,202	6,886
Total recognised in other comprehensive income on:	3,202	6,886
At 31 December	454,071	453,539

16 Other comprehensive income, net of tax:

Year ended 31 December 2021

	Fair value reserve of financial assets	Property revaluation reserve	Gratuity valuation reserve	Total
Fair value gain on equity instruments designated at FVOCI	227,897	-	-	227,897
Remeasurement on defined benefit plan:				
Actuarial gain- Assumption (Note 34)	-	-	37,863	37,863
Actuarial loss - Experience (Note 34)	-	-	(27,190)	(27,190)
Income tax effect (Note 15.3)	-		(3,202)	(3,202)
	227,897	-	7,471	235,368

Year ended 31 December 2020

	Fair value reserve of financial assets	Property revaluation reserve	Gratuity valuation reserve	Total
Fair value gain on equity instruments designated at FVOCI	108,527	-	-	108,527
Remeasurement on defined benefit plan:				
Actuarial gain - Assumption (Note 35)	-	-	548	548
Actuarial gain - Experience (Note 35)	-	-	22,407	22,407
Income tax effect (Note 15.3)	-	-	(6,886)	(6,886)
	108,527	-	16,069	124,596

Notes to the financial statements - continued

17 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
The following reflects the income and share data used in the basic earnings per share computations:		
Net profit attributable to ordinary shareholders (=N='000)	688,284	678,307
Weighted average number of shares for the year ('000)	13,252,562	6,935,475
Basic earnings per ordinary share (kobo)	5.19	9.78
Diluted earnings per ordinary share (kobo)	5.19	9.78

18 Distributions made and proposed

	31 December 2021	31 December 2020
Cash dividends on ordinary shares declared and paid:	₦'000	₦'000
Interim dividend for 2021: 0.25k/share (2020: nill)	331,315	-

19 Cash and cash equivalents

Balances with local banks	740,552	723,946
Balances with foreign banks	2,747	2,584
Deposits and placements with local banks	3,572,487	645,995
	4,315,786	1,372,525
Less: Allowance for ECL	(3,944)	(2,955)
	4,311,842	1,369,570

Deposits and placements with local banks for the reporting year includes fixed deposits with local banks with 3-months average maturity period.

During the period, the Company exceeded the 20% obligors limit in its First Bank account. This is as a result of the inflows on right issues into the account which was formally deposited with the Central Bank of Nigeria (CBN) as directed by regulator.

19.1 Gross carrying amount and impairment allowance for cash and cash equivalents

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for cash and cash equivalents is as follows:

	2021			2020
	Gross carrying amount	ECL	Gross carrying amount	ECL
		₦'000	₦'000	₦'000
As at 1 January	1,372,525	2,955	806,383	8274
New assets originated or purchased	4,304,831	3,944	1,374,586	2978
Assets derecognized or repaid (excluding write offs)	(1,372,525)	(3,221)	(806,383)	(8,274)
Foreign exchange adjustments	10,955	266	(2,061)	(23)
At 31 December	4,315,786	3,944	1,372,525	2,955

Notes to the financial statements - continued

		31 December 2021	31 December 2020
20	Financial assets	₦'000	₦'000
	Financial assets at fair value through profit or loss (Note 20.1a)	223,298	200,808
	Equity instruments measured at FVOCI (Note 20.2)	2,458,312	2,230,415
	Debt instruments at amortised cost (Note 20.3)	3,366,929	2,935,916
		6,048,539	5,367,139
20.1	Financial assets at fair value through profit or loss	223,298	200,808
a)	Movement of the fair value through profit or loss		
	At 1 January	200,808	174,598
	Addition	25,104	78,952
	Disposal	(24,691)	(95,692)
	Realised gains on financial assets at FVTPL	10,260	39,704
	Net fair value gain on assets at FVTPL	11,817	3,246
	At 31 December	223,298	200,808

b) The below shows the proceed on disposal of financial assets at fair value through profit or loss

Equity assets disposed - fair value at 1 January	14,431	55,988
Realised gains on financial assets at FVTPL	10,260	39,704
Proceed from sale of financial assets at FVPL	24,691	95,692

20.2 Equity instruments measured at fair value through other comprehensive income

Leadway PFA scheme share	2,078,304	1,928,293
Leadway Protea Hotel Ltd	131,530	109,202
Nigerian Insurers Association pool	136,307	117,907
Waica Reinsurance Corporation	112,171	75,013
Total equity instruments measured at FVOCI	2,458,312	2,230,415

In 2021, the Company received dividends of N181,510,000 (2020: N141,170,000) from its FVOCI equities which was recorded in profit or loss as other investment income.

		2021	2020
20.3	Debt instruments at amortised cost	₦'000	₦'000
	FGN Bonds	3,110,898	2,828,514
	Corporate bonds	102,024	115,620
	Lagos State series II bonds	-	21,377
	Treasury bills	147,257	-
	Staff loans and advances	111,245	79,688
		3,471,424	3,045,199
	Less: Allowance for ECL (Note 20.3.1)	(104,495)	(109,283)
	Total debt instruments at amortised cost	3,366,929	2,935,916

Notes to the financial statements - continued

20 Financial assets - continued

20.3 Impairment losses on financial investments subject to impairment assessment

20.3.1 Debt instruments measured at amortised cost

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL by stage for debt instruments at amortised cost is as follows:

	Stage 1		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2021	2,940,188	4,272	105,011	105,011	3,045,199	109,283
New assets originated or purchased	446,057	9,290	-	-	446,057	9,290
Assets derecognized	(54,736)	(518)	-	-	(54,736)	(518)
Recoveries	-	-	(13,595)	(13,595)	(13,595)	(13,595)
Foreign exchange adjustments	48,499	35			48,499	35
As at 31 December 2021	3,380,008	13,079	91,416	91,416	3,471,424	104,495

	Stage 1		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	2,548,674	5,458	111,950	111,950	2,660,624	117,408
New assets originated or purchased	860,383	1,341	-	-	860,383	1,341
Assets derecognized	(538,014)	(2,588)	(6,939)	(6,939)	(544,953)	(9,527)
Foreign exchange adjustments	69,145	61	-	-	69,145	61
As at 31 December 2020	2,940,188	4,272	105,011	105,011	3,045,199	109,283

Notes to the financial statements - continued

		2021	2020
21	Trade receivables	₦'000	₦'000
	Due from brokers	28,169	99,178
	Age analysis of trade receivables		
	Days		
	0-30	28,169	99,178
	Total	28,169	99,178
22	Prepayments and other receivables		
	Prepaid insurance - Company's assets	19,677	15,343
	Prepaid insurance - Minimum deposit premium	36,686	33,903
	Prepaid internet	-	3,403
	WHT receivables	37,366	24,345
	Other receivables	86,605	129,652
		180,334	206,646
	Impairment on other receivables	(10,629)	(10,629)
		169,705	196,017

Impairment loss on other receivables relates to amount advanced to Company's staff cooperative for purchase of land, but the transfer of ownership was not effected by the seller. In 2012, the Company fully impaired the receivables as there was no evidence of recovery.

Impairment loss on other receivables relates to amount advanced to Company's staff cooperative for purchase of land, however the transfer of ownership was not effected by the seller. In 2012, the Company fully impaired the receivable as there was no evidence of recovery.

			2021	2020
23	Reinsurance assets		₦'000	₦'000
	Reinsurance share of claims expenses paid		284,625	274,265
	Reinsurance debtors	Note 23.2	538,164	215,858
	Claims recoverable from reinsurer	(a)	3,970,124	2,045,401
	Allowance for impairment on claims recoverable	Note 23.1	(6,232)	(12,463)
	Total outstanding claims recoverable		4,786,681	2,523,061
	Reinsurance share of unearned premium		1,084,527	675,429
			5,871,208	3,198,490
(a)	*Movement on outstanding claims recoverable:*			
	Outstanding claims recoverable:			
	Balance at beginning		2,045,401	1,251,376
	Change during the year	Note 6	1,924,723	794,025
	Balance at end of the year		3,970,124	2,045,401
23.1	Allowance for impairment on claims recoverable			
	At 1 January		12,463	18,695
	Recovered during the year (Note 11.1)		(6,231)	(6,232)
	At 31 December		6,232	12,463

Notes to the financial statements - continued

23 Reinsurance assets - continued

23.2 The reinsurance debtors comprise of amount due to Prestige on foreign facultative business and that of local facultative outwards.

		2021	2020
24 Deferred acquisition costs		₦'000	₦'000
At 1 January		258,866	224,636
Commission paid during the year	(Note 7)	1,517,874	1,116,987
Amortised to profit or loss	(Note 7)	(1,421,615)	(1,082,757)
At 31 December		355,125	258,866
25 Finance lease receivables			
At 1 January		389,831	212,200
Additions during the year		396,000	400,385
Repayment during the year		(341,182)	(222,754)
Finance lease receivables		444,649	389,831
Less: Allowance for ECL		(16,615)	(10,848)
		428,034	378,983

25.1

	2021		2020	
		₦'000	₦'000	₦'000
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
The present value of the minimum lease payments are as follows:				
Not later than one year	281,676	245,452	233,341	233,341
Later than one year, not later than five years	216,580	199,197	162,001	156,490
Total minimum lease payments	498,256	444,649	395,342	389,831
Less amount representing unearned finance income	(53,607)	-	(5,511)	(4,536)
Present value of minimum lease payments	444,649	444,649	389,831	385,295

25.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance lease receivables is as follows:

31-Dec-21	Stage 1		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	₦'000	₦'000	₦'000	₦'000		₦'000
As at 1 January	389,831	10,848	-	-	389,831	10,848
New assets originated	396,000	16,615	-	-	396,000	16,615
Assets derecognized or repaid (excluding write offs)	(341,182)	(12,937)	-	-	(341,182)	(12,937)
Transfer to stage 3	(3,502)	(83)	3,502	83	-	-
Impact of ECL	-	-	-	2,089	-	2,089
December	441,147	14,443	3,502	2,172	444,649	16,615

Notes to the financial statements - continued

25 Finance lease receivables - continued

31-Dec-20	Stage 1		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
				₦'000	₦'000	₦'000
As at 1 January	212,200	8,016	-	-	212,200	8,016
New assets originated	400,385	10,494	-	-	400,385	10,494
Assets derecognized or repaid	(222,754)	(7,662)	-	-	(222,754)	(7,662)
December	389,831	10,848	-	-	389,831	10,848

26 Investment property	2021 ₦'000	2020 ₦'000
At 1 January	2,547,886	2,591,439
Net fair value gain/(loss) on investment properties	39,198	(43,553)
At 31 December	2,587,084	2,547,886

Investment property is stated at fair value, which has been determined based on valuations performed by J C Obasi & Co (FRC/2013/NIESV/00000002148), a professional firm of Estate Surveyors and Valuers who are accredited independent valuers, and signed by J.C. Obasi (FRC/2019/00000013129) as at 31 December 2021. These valuers are specialists in valuing these types of investment properties. The fair value of the properties has been determined using investment/income approach in accordance with that recommended by the international valuation standards committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

The Company's investment property was not occupied during the reporting period. Thus, the Company did not generate rental income from its investment property for the year ended 31 December 2021 (2020: Nil). Direct operating expenses arising in respect of such properties during the reporting years were included in administrative expenses. No direct operating expenses was recognised in the current reporting period.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

	2021 ₦'000	2020 ₦'000
Rental income derived from investment properties	-	-
Direct operating expenses (including repairs & maintenance) generating income	-	-
Net income arising from investment properties carried at fair value	-	-

Notes to the financial statements - continued

26 Investment property - continued

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
	Quoted prices in active Level 1	*Significant observable inputs Level 2*	*Significant unobservable inputs Level 3*	*Total*
Date of valuation - 31 December 2021	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Investment properties	-	-	2,587,084	2,587,084
Date of valuation - 31 December 2020				
Investment properties	-	-	2,547,886	2,547,886

Description of valuation techniques used and key inputs to valuation on investment properties

Office building

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)* 2021	2020
Investment/ income approach	*Total net lettable space*	3,260m2	3,260m2
	Estimated rental value per sqm per year	N 66,000	N 65,000
	Rent growth p.a.	6%	6%
	Contingencies at effective gross rent	15%	20%
	Management and Maintenance cost per annun per rent	10%	10%

Notes to the financial statements - continued

26 Investment property - continued

The below shows the sensitivity of the carrying amounts to the methods, assumptions and estimates underlying investment property valuation.

Valuation technique	*Significant unobservable inputs*	Increase/(decrease) in inputs	Effect on fair value Increase/(decrease) 2021 ₦'000	2020 ₦'000
Investment/ income approach	*Estimated rental value per sqm per year*	N 5,000/sqm	195,991/ (195,991)	195,991/ (195,991)
	Rent growth p.a.	1%	426,196/ (426,196)	424,647/ (424,647)
	Contingencies at effective gross rent	5%	(161,693)/ 161,693	(159,243)/ 159,243
	Management and Maintenance cost per annun per rent	5%	(143,727)/ 143,727	(141,549)/ 141,549

Description of valuation techniques used and key inputs to valuation on investment properties- continued

The investment/income approach centers around the thesis that the value is "the present worth of future right to income". It looks only to property's future income as may be reasonably be anticipated during the estimated economic life of the property.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Location of investment property	Valuation technique	Significant unobservable input
19B Ligali Ayorinde Street, Victoria Island Lagos	The valuation was based on the market value of the property, with reference to the investment/income approach method of valuation. The method looks only to a property's future income as may reasonably be anticipated during the estimated economic life of the property. Further value analysis was carried out using market comparison method approach as a check.	It is a purposely built office building on 7 floors with a mezzanine floor. The 7 storey office building has office and parking spaces inside the underground. The parking lot can take about 43 vehicles at a time. The site is rectangular in shape and appears firm, level and well drained. It is fenced round in block walls with a double leaf metal entrance gate. The site area is approximately 1054sqm.

Notes to the financial statements - continued

27 Intangible assets

	Computer software	Total
Cost:	**₦'000**	**₦'000**
At 1 January 2020	57,978	57,978
At 31 December 2020	57,978	57,978
At 31 December 2021	57,978	57,978
Accumulated amortisation and impairment:		
At 1 January 2020	24,000	24,000
Amortisation	5,797	5,797
At 31 December 2020	29,797	29,797
Amortisation	4,898	4,898
At 31 December 2021	34,695	34,695
Carrying amount:		
At 31 December 2021	23,283	23,283
At 31 December 2020	28,181	28,181

Notes to the financial statements - continued

28 Property, plant , equipment & right-of-use assets

	Plant & machinery	Land	Building	Furniture, fittings & Office Equipment	Computer equipment	Motor vehicles	Right-of-use assets	Total
Cost/Valuation:	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2020	46,019	450,000	902,250	81,754	99,540	244,121	49,505	1,873,189
Additions	899	-	-	650	3,647	7,562	10,989	23,747
Derecognition of ROU (note 28.1)	-	-	-	-	-	-	(4,161)	(4,161)
Disposals	(370)	-	-	(13)	(147)	(3,019)	-	(3,549)
At 31 December 2020	46,548	450,000	902,250	82,391	103,040	248,664	56,333	1,889,226
Additions	11,019	-	-	3,117	9,777	105,966	12,687	142,566
Disposals		-	-	-	-	(22,477)	-	(22,477)
At 31 December 2021	57,567	450,000	902,250	85,508	112,817	332,153	69,020	2,009,315
Accumulated depreciation:								
At 1 January 2020	29,376	-		50,931	96,045	161,409	16,623	354,384
Charge for the year	3,387	-	30,532	5,167	4,330	37,794	18,510	99,720
Derecognition of ROU (note 28.1)	-	-	-	-	-	-	(1,335)	(1,335)
Disposals	(270)	-	-	(13)	(147)	(3,019)	-	(3,449)
At 31 December 2020	32,493	-	30,532	56,085	100,228	196,184	33,798	449,320
Charge for the year	4,735	-	30,532	4,893	5,600	55,984	22,018	123,762
Disposals	-	-	-	-	-	(20,157)	-	(20,157)
At 31 December 2021	37,228	-	61,064	60,979	105,828	232,011	55,816	552,925
Net book value:								
At 31 December 2021	20,339	450,000	841,186	24,529	6,989	100,142	13,204	1,456,389
At 31 December 2020	14,055	450,000	871,718	26,306	2,812	52,480	22,535	1,439,905

28.1 The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Company as at reporting date is N57 million (2020: N68 million)

28.2 No impairment test was performed during the year as there was no indication of impairment on any of the assets in use by the Company.

28.3 None of the property, plant and equipment of the Company has been pledged as security for borrowings and otherwise, as at the end of the year (2020: Nil).

Notes to the financial statements - continued

		2021	2020
29	Statutory deposit	₦'000	₦'000
	Deposits with CBN	300,000	300,000

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9(1) and Section 10(3) of the Insurance Act 2003. This is restricted cash as management does not have access to the balances for its day to day activities. Statutory deposits are measured at amortised cost.

		2021	2020
30	Deposit in escrow account with the CBN	₦'000	₦'000
	Escrow account with CBN	-	3,320,710

Deposit in escrow account with the CBN represents amount raised by the Company for recapitalisation purpose (see note 36.2) and deposited with Central Bank of Nigeria in accordance with NAICOM circular with reference no: NAICOM/DPR/CIR/25-01/2019. During the year, the Company sought apporval from NAICOM for the fund to be moved to placement with First Bank of Nigeria. The fund has since been released back to the Company as such form the basis for disclosure in (note 19)

			2021	2020
31	Insurance contract liabilities		₦'000	₦'000
	Unearned premium reserve	(Note 31.1)	2,054,881	1,742,337
	Outstanding claims reserve	(Note 31.2)	5,033,832	3,094,406
	Total insurance liabilities		7,088,713	4,836,743
31.1	*Reserve for Unearned Premium*			
	At 1 January		1,742,337	1,432,867
	Premium written in the year		9,274,005	7,008,747
	Premium earned during the year		(8,961,461)	(6,699,277)
	Changed in uneaned premium	(Note 3)	312,544	309,470
	At 31 December		2,054,881	1,742,337
31.2	*Reserve for Outstanding Claims*			
	At 1 January		3,094,406	2,088,927
	Incurred in the current accident year	(Note 6)	8,340,767	4,275,157
	Paid during the year	(Note 6)	(6,401,341)	(3,269,678)
	At 31 December		5,033,832	3,094,406

31.3 Analysis of Insurance Contract Liabilities

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Outstanding claims	4,189,988	3,445,119	744,869	2,325,893	1,561,896	763,997
IBNR	843,844	525,005	318,839	768,513	483,505	285,008
Total oustanding claims	5,033,832	3,970,124	1,063,708	3,094,406	2,045,401	1,049,005
Unearned premium	2,054,881	675,429	1,379,452	1,742,337	675,429	1,066,908
Total	7,088,713	4,645,553	2,443,160	4,836,743	2,720,830	2,115,913

Notes to the financial statements - continued

31 Insurance contract liabilities - continued

31.3 Analysis of Insurance Contract Liabilities - continued

Age analysis of total outstanding claims as at 31 December 2021

CLASS	0-90	91-180	181-270	271-365	Above 365 days	Total
Bond	-	-	-	-	33,869	33,869
Engineering	343,433	20	-	955	11,980	356,388
Employers' liability	-	-	-	-	250	250
Fire	1,860,197	451,577	68,150	30,350	822106	3,232,380
General accident	17,110	2,846	9,706	6,510	17,316	53,488
Goods-in-transit	82,516	25,650	10,350	-	3,800	122,316
Marine	16,250	30,700	1,000	1,000	26748	75,698
Oil and energy	193,780	-	-	-	22940	216,720
Motor	58,512	37,167	200	1,200	1800	98,879
Overall - Total	2,571,798	547,960	89,406	40,015	940,809	4,189,988

Age analysis of total outstanding claims as at 31 December 2020

CLASS	0-90	91-180	181-270	271-365	Above 365 days	Total
Bond	-	46,145	-	-	3,051	49,196
Engineering	14,775	53,462	1,045	9,799	1,300	80,381
Employers' liability	1,500	300	-	200	300	2,300
Fire	830,569	175,000	10,802	32,251	586,552	1,635,174
General accident	171,790	25,263	9,296	43,127	18,763	268,239
Goods-in-transit	56,816	20,750	2,500	2,050	2,872	84,988
Marine	4,245	38,046	25,859	477	26,342	94,969
Oil and energy	380	380	5,760	2,720	35,160	44,400
Motor	51,460	7,101	-	4,500	3,185	66,246
Overall - Total	1,131,535	366,447	55,262	95,124	677,525	2,325,893

Those claims outstanding beyond 90 days are due to incomplete documentation and awaiting adjusters reports .

Notes to the financial statements - continued

		2021	2020
32	Trade payables	₦'000	₦'000
	Due to agents	-	4,151
	Due to brokers	-	46,207
	Due to direct insured	318	16,370
	Due to reinsurers	-	8,291
	Due to insurance	-	16,215
	Deferred commission received (Note 32.2)	262,143	179,505
		262,461	270,739

32.1 Trade payables include payables arised on insurance related activities, which the Company is expected to be settled within the next 12-months after the end of its reporting period.

32.2 Deferred commision received relates to commission received on unexpired policies ceeded to reinsurance companies.

		2021	2020
33	Other liabilities		
	Industrial Training fund	6,391	5,500
	Insurance levy	95,000	70,213
	Provision for productivity bonus (Note 33.2)	35,139	44,779
	Other payables (Note 33.1)	335,237	129,340
	Withholding tax	3,052	3,181
	VAT	1,199	3,629
	Lease liability (Note 33.3)	6,777	10,043
		482,795	266,685

33.1 Other payable comprises of claims payable to policy holders.

		2021	2020
33.2	Movement in Provision for productivity bonus		
	At 1 January	44,779	13,391
	Paid in the year	(44,640)	(2,527)
	Provision during the year	35,000	33,915
		35,139	44,779

33.3 Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
	₦'000	₦'000
As at 1 January	10,043	19,405
Accretion of interest (Note 14)	1,283	5,707
Derecognition	-	(2,963)
Payments	(4,549)	(12,106)
As at 31 December	6,777	10,043

Notes to the financial statements - continued

34 Retirement benefits obligation

The Group operates a defined benefit staff gratuity plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of five years and gross salary on date of retirement.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2021 by Zamara Consulting Actuaries Nigiera Limited. This is an independent Actuary Consultant registered with the Financial Reporting Council of Nigeria (FRCN) with FRC number FRC/2018/NAS/00000012910 and signed by James I Olubayi , FIA with FRC number FRC/2019/00000012910. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.	2021 ₦'000	2020 ₦'000
Balance at the beginning of the year	195,543	210,744
Current service cost	15,759	17,366
Interest cost	15,349	27,061
Benefits paid	(8,876)	(36,673)
Actuarial gain	(10,673)	(22,955)
Retirement benefits obligation	207,102	195,543

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	2021	2020
Discount rate	12.6%	7.42%
Rate of salary increase	11.0%	7.5%
Mortality	A1967 - 1970 rated down 1 year	

The amounts recognised in profit or loss	2021 ₦'000	2020 ₦'000
Current service cost	15,759	17,366
Interest cost	15,349	27,061
Total, included in staff costs	31,108	44,427
The amounts recognised in other comprehensive income		
Actuarial gain - change in assumption (Note 16)	37,863	548
Actuarial (loss)/gain - experience adjustment (Note 16)	(27,190)	22,407
Re-measurement gain on net defined benefit plans	10,673	22,955

The plan is unfunded.

Sensitivity analysis

Reasonable possible changes at reporting date to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

Defined benefit obligation	Increase ₦'000	Decrease ₦'000
Discount rate (1% movement)	(18,724) (2020: (23,994))	21,433 (2020: 20,581)
Salary escalation rate (1% movement)	21,556 (2020: 23,736)	(19,138) (2020: (20,745))
Mortality rate (10% movement)	(106) (2020: (13))	106 (2020: 13)

Notes to the financial statements - continued

34 Retirement benefits obligation - continued

The analysis does not take account of the full distribution of cashflow expected under the plan, it does provide an approximation of sensitivity of the assumption shown.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2021	2020
	₦'000	₦'000
Within the next 12 months (next annual reporting period)	-	37,934
Between 2 and 5 years	25,440	16,914
Between 5 and 10 years	30,344	5,493
Beyond 10 years	181,582	162,242
Total expected payments	237,366	222,583

Average duration of the defined benefit obligation at the end of the reporting period is 2021 41 years (2020: 43.7 years)

		2021	2020
35 Share capital		₦'000	₦'000
Authorised share capital			
20 billion Ordinary shares of 50k each		10,000,000	10,000,000
At 31 December		10,000,000	10,000,000
Issued and fully paid after restructuring:			
As at 1 January		6,626,281	2,691,275
Bonus share issued on 28 October 2020	Note 35.1	-	489,324
New ordinary share issued on 14 December 2020	Note 35.2	-	3,445,682
At 31 December		6,626,281	6,626,281

35.1 On 28 October 2020, the Company finalised the registration of 978,645,646 ordinary shares of 50 kobo each for its scrip dividend of two new ordinary shares for every eleven existing ordinary shares declared in 2019.

35.2 In complying with NAICOM circular with reference no: NAICOM/DPR/CIR/25/2019 requiring insurance and re-insurance companies in Nigeria to increase their minimum paid-up share capital, the Company filed and proposed a right issue of 13,635,796,006 ordinary shares of 50 kobo each at N0.50 per share on the basis of 38 new shares for every 15 ordinary shares held. In 2020, 6,891,365,187 ordinary shares of 50 kobo each was allotted and fully paid. However this policy is currently put on hold by NAICOM as such the next phase of capitalization is yet to be done

	2021	2020
36 Share premium	₦'000	₦'000
At 1 January	36,623	327,548
Issuance cost	-	(290,925)
At 31 December	36,623	36,623

Notes to the financial statements - continued

36 Share premium - continued

Premiums from the issue of shares are reported in share premium.

37 Statutory contingency reserve	2021	2020
	₦'000	₦'000
At 1 January	2,405,800	2,195,538
Transfer from retained earnings (Note 38)	278,220	210,262
At 31 December	2,684,021	2,405,800

This is maintained in compliance with Sections 21(1) and (2) and 22(16) of Insurance Act CAP I17, LFN 2004 as indicated in the accounting policy number 2.26.

38 Retained earnings	2021	2020
	₦'000	₦'000
At 1 January	752,401	746,727
Scrip dividend (Note 35.1)	-	(489,324)
Transfer to statutory contingency reserve (Note 37)	(278,220)	(210,262)
Transfer from property revaluation reserve (Note 39.3)	26,953	26,953
Profit for the year	688,284	678,307
Dividends (Note 18)	(331,315)	-
At 31 December	858,102	752,401

39 Other reserves

39.1 Gratuity valuation reserve	2021	2020
	₦'000	=N='000
At 1 January	7,502	(8,567)
Actuarial gain during the year	7,471	16,069
At 31 December	14,973	7,502

This comprise of the cumulative actuarial gain on change in assumption and experience adjustment.

	Fair values reserve	
	2021	2020
39.2 Fair value reserve	₦'000	₦'000
At 1 January	1,810,269	1,701,742
Gains on valuation during the year	227,897	108,527
At 31 December	2,038,165	1,810,269

The fair value reserve shows the effects from the fair value measurement of financial instruments of the category Fair value through other comprehensive income. Any gains or losses recognised are non-recycling when the assets are derecognised.

	2021	2020
39.3 Property revaluation reserve	₦'000	₦'000
At 1 January	764,519	791,472
Transfer to retained earnings (Note 39.3.1)	(26,953)	(26,953)
	737,566	764,519

Notes to the financial statements - continued

39 Other reserves - continued

39.3.1 This relates to revalued surplus being realised during the year as the assets are being used. The amount is the difference between the depreciation charged on revalued amount and depreciation that would have been charged based on the historical cost of the assets.

This comprised cumulative fair value changes on valuation of leasehold land & building net of deferred tax asset/liabilities.

40 Reconciliation of profit before income tax expense to net cash (used in)/from operating activities

	Note	2021 ₦'000	2020 ₦'000
Profit before income tax expense		732,226	685,909
Net cash provided by operating activities:			
Depreciation of property,plant and equipment and right-of-use assets	28	123,762	99,720
Amortisation of intangible assets	27	4,898	5,797
Profit on disposal of property,plant & equipment and right-of-use assets	11	(3,420)	(550)
Gain on derecognition of lease liabilities	11	-	(136)
Interest income	9	(564,810)	(422,236)
Other investment income	10	(273,395)	(240,019)
Net fair value gain on financial assets	20.1	(11,817)	(3,246)
Credit loss reversal	13	979	(5,292)
(Gain)/loss on investment properties	26	(39,198)	43,553
Net foreign exchange gain	11	(56,191)	(84,416)
Interest costs on retirement benefit obligations	34	15,349	27,061
Current service cost	34	15,759	17,366
Finance cost	14	1,283	5,707
		(54,575)	129,218
Changes in operating assets and liabilities			
Decrease/(increase) in trade receivables		71,009	(77,562)
Decrease in prepayment and other receivables		26,312	79,706
Increase in reinsurance assets		(2,672,718)	(827,238)
Increase in deferred acquisition costs		(96,259)	(34,230)
Increase in finance lease assets		(54,818)	(177,632)
Increase in unearned premium		312,544	309,470
Increase in claims provision		1,939,426	1,005,479
(Decrease)/increase in trade payables		(8,278)	4,202
Increase in other liabilities		219,376	99,417
Recoveries		13,595	1
		(249,811)	381,613
Income tax paid	15.2	(36,389)	(30,644)
Benefits paid	34	(8,876)	(36,673)
Net cash flows (used in)/ from operating activities		(349,651)	443,514

40.1 Reconciliation of other operating cash payments

	2021 ₦'000	2020 ₦'000
Auditor's remuneration	(16,000)	(16,000)
Maintenance expenses	(997,176)	(691,617)
Management expenses	(1,010,411)	(819,576)
Change in other assets and receivables	(293,463)	(15,371)
Change in trade payables and other liabilities	211,098	103,619
	(2,105,952)	(1,438,945)

Notes to the financial statements - continued

40.1 Reconciliation of other operating cash payments - continued

	2021	2020
	₦'000	₦'000
Less:		
Depreciation	123,762	99,720
Amortisation	4,898	5,797
Audit fees	16,000	16,000
Current services cost	15,759	17,366
Interest cost	15,349	27,061
	(1,930,184)	(1,273,001)

41 Cash and cash equivalents for purposes of the statement of cash flows

	2021	2020
	₦'000	₦'000
Bank and cash balances - Note 19	741,830	725,644
Deposits and placements - Note 19	3,570,012	643,926
	4,311,842	1,369,570

42 Related party transactions

Compensation of key management personnel

Key management personnel of the Company includes all directors, executives and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	2021	2020
Short-term employee benefits:	₦'000	₦'000
Salaries and allowances	109,308	76,872
Long-term employee benefits:		
Post employment pension benefits	4,076	2,726
	113,384	79,598
Amount paid to the highest paid director	37,400	32,400

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	Number
=N=1,000,001 - =N=4,000,000	4	4
=N=4,000,001 - =N=7,000,000	-	-
=N=7,000,001 and above	2	2
	6	6

Employees

The following are the number of persons in employment of the Company as at 31 December :	Number	Number
Executive Directors	2	2
Management (Managers & above)	13	11
Senior staff	41	41
Junior Staff	32	34
	88	88

Notes to the financial statements - continued

42 Related party transactions - continued

Staff cost	2021 ₦'000	2020 ₦'000
Salaries and allowances	495,215	408,741
Staff pension	21,723	19,768
Staff gratuity	31,108	44,427
	548,046	472,936

The number of employees of the Company, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

Emolument range	2021 Number	2020 Number
N500,000 - N1,000,000	1	1
N1,500,001 - N2,000,000	0	1
N2,000,001 - N2,500,000	1	8
N2,500,001 - N3,000,000	12	14
N3,000,001 - Above	74	64
	88	88

43 Contingencies and commitments

The Company, in its ordinary course of business, is presently involved in 2 cases as a defendant (31 December 2020: 2 cases).

Legal 1

Sara Foods Ltd Vs. Prestige Assurance Plc & 2 others (Idowu Sofola & Co.)

Facts and contingent liability

The claimant, a sister company of Sara Product Limited allegedly had a fire policy.The insured claimed N40,427,434.77 as compensation for fire out break in the factory. Due to the fact that the premium on the policy had not been paid in full and in advance prior to the loss, the defendant repudiated the claims.

Update/status

The Court of Appeal delivered judgment on 5 July 2017 and declared the the contract of insurance unenforceable. The insured, dissatisfied with the Court decision, has now filed an appeal with the Supreme Court. Should in case the case is delivered in favour of the insured, Prestige's ultimate liability would not exceed 60% of the claim

Legal 2

Mrs. Kikelomo Kola Fasanu Vs. Prestige Assurance Plc

Facts and contingent liability

The Claimant is a former employee of the Company instituiting a case against the Company for wrongful dismissal and seeking a declaration that the circumstances of her termination constituted a redundancy. She seeks claim and payment of N20,518,206 being termination benefits and N7,486,475 being gratuity. Prestige Plc filed a counter claim of N16,502,877 being the balance outstanding on the housing loan taken by the claimant while she was an employee.

Update/status

Trial was concluded and judgement delivered by the court on 25 April 2018, wherein the entire claims of the claimant failed. The claimant aggrieved, has filed an appeal to the Court of Appeal. Prestige Assurance Plc has also filed a counter appeal in dissatisfaction with certain portions of the judgment. Both appeal have been consolidated and are set to argue same

Notes to the financial statements - continued

44 Events after the reporting date

There were no events after the reporting date which could have a material effect on the disclosures and the financial position of the Company as at 11 March 2022 and on its profit or loss and other comprehensive income for the year then ended.

45 Asset and Liability Management

Asset and Liability Management (ALM) attempts to address financial risks the Company is exposed to which includes interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. ALM ensures that specific assets of the Company is allocated to cover reinsurance and liabilities of the Company.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The notes below show how the Company has managed its financial risks.

	Insurance funds	Shareholders' funds	2021
ASSETS	₦'000	₦'000	₦'000
Cash and cash equivalents	4,311,842	-	4,311,842
Financial assets:			
Financial assets at fair value through profit or loss	223,298	-	223,298
Debt instruments at amortised cost	1,108,668	2,258,261	3,366,929
Equity instruments at fair value through other comprehensive income	-	2,458,312	2,458,312
Trade receivables	28,169	-	28,169
Prepayments and other receivables	-	169,705	169,705
Reinsurance assets	5,871,208	-	5,871,208
Deferred acquisition costs	-	355,125	355,125
Finance lease receivables	-	428,034	428,034
Investment property	646,771	1,940,313	2,587,084
Intangible assets	-	23,283	23,283
Property, plant and equipment	-	1,456,389	1,456,389
Statutory deposit	-	300,000	300,000
	12,189,956	9,389,422	21,579,378
LIABILITIES			
Insurance contract liabilities	7,088,713	-	7,088,713
Trade payables	-	262,461	262,461
Other liabilities	-	482,795	482,795
Retirement benefits obligation	-	207,102	207,102
Current income tax payable	-	88,504	88,504
Deferred tax liabilities	-	454,071	454,071
	7,088,713	1,494,933	8,583,646
Surplus	5,101,243	7,894,489	12,995,732

Notes to the financial statements - continued

45 Asset and Liability Management - continued

ASSETS	Insurance funds ₦'000	Shareholders' funds ₦'000	2020 ₦'000
Cash and cash equivalents	1,369,570	-	1,369,570
Financial assets:			
Financial assets at fair value through profit or loss	200,808	-	200,808
Debt instruments at amortised cost	1,079,911	1,856,005	2,935,916
Equity instruments at fair value through other comprehensive income	-	2,230,415	2,230,415
Trade receivables	99,178	-	99,178
Prepayments and other receivables	-	196,017	196,017
Reinsurance assets	3,198,490		3,198,490
Deferred acquisition costs	-	258,866	258,866
Finance lease receivables	-	378,983	378,983
Investment property	636,972	1,910,914	2,547,886
Intangible assets	-	28,181	28,181
Property, plant and equipment	-	1,439,905	1,439,905
Statutory deposit	-	300,000	300,000
Deposit in escrow account with the CBN	-	3,320,710	3,320,710
	6,584,929	11,919,996	18,504,925
LIABILITIES			
Insurance contract liabilities	4,836,743	-	4,836,743
Trade payables	-	270,739	270,739
Other liabilities	-	266,685	266,685
Retirement benefits obligation	-	195,543	195,543
Current income tax payable	-	78,281	78,281
Deferred tax liabilities	-	453,539	453,539
	4,836,743	1,264,787	6,101,530
Surplus	1,748,186	10,655,209	12,403,395

Notes to the financial statements - continued

46 Management of insurance and financial risk

The Company issues contracts that transfers insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

(i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

ii Frequency and severity of claims

The frequency and severity of claims can be affected by several factors, the most significant resulting from events like fire and allied perils and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract if the perceived level of risk is very high.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Company is adequately protected and would only suffer predetermined amounts.

(iii) Concentration of insurance risk

The following table discloses the concentration of claims by class of business gross and net of reinsurance.

31 December 2021	Outstanding claims		
	No. of claims	Gross	Net
Class of Business		₦'000	₦'000
Accident	89	118,637	104,159
Fire	122	3,611,261	545,850
Workmen's compensation	1	11,517	11,517
Motor	33	175,276	130,200
Marine and Aviation	25	187,268	69,748
Engineering	14	426,098	60,006
Oil and Gas	18	253,779	23,021
Bonds	1	43,181	21,299
Goods in transit	25	203,217	96,379
Terrorism & Political Risk	1	3,598	1,530
	329	5,033,832	1,063,709

Notes to the financial statements - continued

46 Management of insurance and financial risk - continued

iii Concentration of insurance risk - continued

31 December 2020	Outstanding claims		
	No. of claims	Gross	Net
Class of Business		₦'000	₦'000
Accident	148	367,687	87,168
Fire	82	2,029,986	53,300
Workmen's compensation	4	12,378	12,378
Motor	38	127,054	57,253
Marine and Aviation	49	190,626	32,290
Engineering	40	130,824	18,758
Oil and Gas	27	66,199	3,749
Bonds	3	57,067	3,687
Goods in transit	39	109,961	17,217
Terrorism & Political Risk	1	2,624	1,508
	431	3,094,406	287,308

The Company manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

iv Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Company claims are short tail and are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the reporting date. The Company has ensured that liabilities on the balance sheet at year end for existing claims whether reported or not, are adequate.

The Company has in place a series of quota-share and excess of loss covers in each of the last five years to cover for losses on these contracts.

Notes to the financial statements - continued

47 Management of insurance and financial risk

Claims Paid Triangulations as at 31 December 2021

					Accident Years				
		2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
		NGN '000	NGN '000	NGN '000	NGN '000	NGN '000	NGN '000	NGN '000	₦'000
At end of accident year		1,737,580	843,309	1,090,252	3,149,732	2,100,965	3,461,313	5,931,303	
One year later		1,457,296	1,056,002	1,587,898	3,634,631	2,557,025	5,263,736		
Two years later		1,579,120	1,092,303	1,844,550	3,730,663	2,657,740			
Three years later		1,346,992	1,116,952	1,994,591	3,926,780				
Four years later		1,352,752	1,124,715	2,144,025					
Five years later		1,353,717	1,140,124						
Six years later		1,352,752							
Current estimate of cumulative claims incurred		1,352,752	1,140,124	2,144,025	3,926,780	2,657,740	5,263,736	5,931,303	22,416,459
		2015	2016	2017	2018	2019	2020	2021	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At end of accident year		(811,055)	(469,640)	(754,326)	(1,877,654)	(1,493,777)	(1,864,757)	(2,695,848)	
One year later		(1,307,597)	(844,214)	(1,468,612)	(3,555,755)	(2,435,382)	(4,809,635)		
Two years later		(1,345,792)	(1,087,171)	(1,822,310)	(3,726,180)	(2,619,240)			
Three years later		(1,345,792)	(1,116,952)	(1,987,171)	(3,923,170)				
Four years later		(1,352,752)	(1,124,040)	(2,134,025)					
Five years later		(1,352,752)	(1,140,124)						
Six years later		(1,352,752)							
Cumulative payments to date		(1,352,752)	(1,140,124)	(2,134,025)	(3,923,170)	(2,619,240)	(4,809,635)	(2,695,848)	(18,674,793)
	Before 2014	2014	2015	2016	2017	2018	2019	2020	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Gross non-life insurance contract outstanding claims provision at 31 December 2020 at original exchange rates	227,763	366,389	965	675	7,420	4,483	121,643	1,596,556	2,325,894
Foreign exchange adjustment	-	-	-	-	-	-	-	-	-
Total gross non-life insurance outstanding claims provision per the statement of financial position	227,763	366,389	965	675	7,420	4,483	121,643	1,596,556	2,325,894
Current estimate of surplus/(deficiency)		(421,497)	383,863	(281,406)	(904,339)	(580,931)	(455,993)		
% Surplus/(deficiency) of initial gross reserve		-23%	22%	-33%	-83%	-18%	-22%		

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management

The Company is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:
- Market risk (which includes currency risk, interest rate risk and equity price risk);
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Company's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management, individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

i Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The Company has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Company monitors adherence to this market risk policy through the Company's Investment Committee. The Company's Investment Committee is responsible for managing market risk.

The financial impact from market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

ia Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates is been reduced since the Company’s long-term investment in interest rate instruments are fixed interest rate and majorly federal govenment bonds. The Company is not subject to interest rate risk in the reporting year. This is because the Company has no floating rate instrument in the reporting year (2020: Nil).

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ib Equity price risk

The Company's equity price risk exposure relates to financial assets whose value fluctuate as a result of changes in market prices. The Company has unquoted equities designated as equity instruments through other comprehensive income whose fair value is determined using a valuation technique because of the lack of active market for these instruments.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

A 1% movement in market prices will result in an unrealised gain or loss for the year of =N=2.2 million (December 2020: =N=2 million).

Management monitors movements of financial assets and equity price risk movements on a monthly basis by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company’s equity instruments in that particular index moving proportionally.

ic Currency risk

The Company purchases reinsurance contracts internationally, thereby exposed to foreign currency fluctuations.

The Company's primary exposures are with respect to the US Dollar.

The Company also has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

Sensitivity risk

If the Naira had weakened/strenthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

The Company financial assets and financial liabilities by currency is detailed below:

A 5% (2020:5%) movement in foreign exchange rate in USD against the Naira will result in =N= 5.5 million gain or loss (2020: =N=4.428 million). In Euro, =N=1.158 million (2020: =N=1.335 million). And in pounds sterling, =N=0.14 million (2020: =N=0.1485 million).

	Naira	USD	Euro	Pounds	Total
	₦’000	₦’000	₦’000	₦’000	₦’000
31 December 2021					
Cash and cash equivalents	4,071,764	217,856	25,689	477	4,315,786
31 December 2020					
Cash and cash equivalents	1,256,971	88,563	26,694	297	1,372,525

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Sensitivity risk - continued

ii Credit risk

Credit risk is the risk that one party to a financial instrument will fail to honour its obligations and cause the Company to incur a financial loss. Credit risk arises mainly from 5 sources: Insurance and reinsurance receivables, trade receivables, finance lease receivables, cash deposit and debt instruments at amortised costs.

The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The company maximum exposure is measured on gross amount basis

The Company’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The table below provides information regarding the credit risk exposure of the Company in relation with comparative exposure:

Maximum exposure to credit risk before collateral held or other credit enhancements:	Maximum exposure 2021	Maximum exposure 2020
	₦’000	₦’000
Cash and cash equivalents	4,315,786	1,372,525
Trade receivables	28,169	99,178
Debt measured at amortised cost	3,471,424	3,045,199
Finance lease receivables	444,649	389,831
Total assets bearing credit risk	8,260,028	4,906,733

Age analysis for past due and impaired		Cash and cash equivalents	Trade receivables	Debt measured at amortised cost	Finance lease receivables	Total
		₦’000	₦’000	₦’000	₦’000	₦’000
31 December 2021						
Neither past due nor impaired		4,315,786	28,169	3,471,424	444,649	8,260,028
Impairment allowance		(3,944)	-	(104,495)	(16,615)	(125,054)
Net	-	4,311,842	28,169	3,366,929	428,034	8,134,974

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

Age analysis for past due and impaired		Cash and cash equivalents	Trade receivables	Debt measured at amortised cost	Finance lease receivables	Total
31 December 2020						
Neither past due nor impaired		1,372,525	99,178	3,045,199	389,831	4,906,733
Impairment allowance		(2,955)	-	(109,283)	(10,848)	(123,086)
Net	-	1,369,570	99,178	2,935,916	378,983	4,783,647

Reinsurance credit exposures

The Company is however, exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

Industry analysis

The table below provide information on the credit exposure of the Company by the level of industry in which its operate.

31 December 2021	Financial services	Government	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	4,315,786	-	-	4,315,786
Debt measured at amortised cost	102,024	3,110,898	111,245	3,471,424
Trade receivables	28,169	-	-	28,169
Prepayment & other receivables	19,677	-	86,605	106,282
Reinsurance assets	5,877,440	-	-	5,877,440
Finance lease receivables	-	-	444,649	444,649
Statutory deposit	300,000	-	-	300,000
	10,643,096	3,110,898	642,499	14,543,750

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

31 December 2020	Financial services	Government	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	1,372,525			1,372,525
Debt measured at amortised cost	115,620	2,849,891	79,688	3,045,199
Trade receivables	99,178	-	-	99,178
Prepayment & other receivables	15,343	-	133,055	148,398
Reinsurance assets	3,210,953	-	-	3,210,953
Finance lease receivables	-	-	389,831	389,831
Statutory deposit	300,000	-	-	300,000
Deposit in escrow account with the CBN	3,320,710			3,320,710
	8,434,329	2,849,891	602,574	11,886,794

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk.

The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):

• quantitative element (i.e. reflecting a quantitative comparison of PD at the reporting date and PD at initial recognition);
• a qualitative element; and
• 'backstop' indicators

Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

• the remaining lifetime PD as at the reporting date; with
• the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Company recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

During the year, there has been no significant increase in credit risk on the financial asset of the Company. However, a Corporate bond held by the Company defaulted during the year and was considered credit impaired individually using lifetime PD.

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Impairment losses on financial assets subject to impairment assessment

Debt Instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company’s internal grading system are also provided.

	2021		2020	
	12mECL	Total	12mECL	Total
	₦’000	₦’000	₦’000	₦’000
Moodys Rating performing				
Cash & cash equivalents				
BBB-BB+B-C	4,315,786	4,315,786	1,372,525	1,372,525
Total gross amount	4,315,786	4,315,786	1,372,525	1,372,525
ECL	(3,944)	(3,944)	(2,955)	(2,955)
Total net amount	4,311,842	4,311,842	1,369,570	1,369,570

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

Moodys Rating performing

Debt instruments at amortised cost

	2021			2020		
	12mECL	LTECL	Total	12mECL	LTECL	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
BBB-B+	3,380,008	91,416	3,471,424	2,940,188	105,011	3,045,199
Total gross amount	3,380,008	91,416	3,471,424	2,940,188	105,011	3,045,199
ECL	(13,079)	(91,416)	(104,495)	(4,272)	(105,011)	(109,283)
Total net amount	3,366,929	-	3,366,929	2,935,916	-	2,935,916

	2021			2020	
	12mECL	LTECL	Total	12mECL	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Unrated					
Finance lease receivables	441,147	3502	444,649	389,831	389,831
Total gross amount	441,147	3502	444,649	389,831	389,831
ECL	(14,443)	(2,172)	(16,615)	(10,848)	(10,848)
Total net amount	426,704	1,330	428,034	378,983	378,983

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers) and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- Exposures are not generally transferred from 12-month ECL measurement to credit impaired; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:
- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on data on initial recognition and the original contractual terms.

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.
• The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).
• The obligor is past due more than 90 days on any material credit obligation to the Company.

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.

• The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).

• The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikeliness to pay include:

- The insurer puts the credit obligation on non-accrued status.
- The insurer makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the Company taking on the exposure.
- The insurer sells the credit obligation at a material credit-related economic loss.
- The insurer consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3.3(h) Summary of significant accounting policies. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's rating agency, government agencies, Monetary authorities in Nigeria, etc.) and a team of economists within its Credit Risk Department verifies the accuracy of inputs to the Company’s ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company’s base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments, as at 31 December 2021 and 2020

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

Key drivers	ECL scenario	Assigned probability	2022	2023	2024	2025	Subsequent years
31 December 2021							
Inflation Rate (%)	Upturn	10.9%	12%	10%	10%	10%	10%
	Base-case	80.5%	14%	12%	12%	12%	12%
	Downturn	8.6%	19%	17%	17%	17%	17%
Unemployment Rate (%)							
	Upturn	10.9%	31%	29%	29%	29%	29%
	Base-case	80.5%	32%	30%	30%	30%	30%
	Downturn	8.6%	34%	32%	32%	32%	32%

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Analysis of inputs to the ECL model under multiple economic scenarios - continued

Key drivers	ECL scenario	Assigned probability	2021	2022	2023	2024	Subsequent years
Crude oil Price (In USD)							
	Upturn	10.9%	178.44	240.67	206.86	206.86	206.86
	Base-case	80.5%	133.36	195.59	161.78	161.78	161.78
	Downturn	8.6%	87.44	149.67	115.86	115.86	115.86
Key drivers	**ECL scenario**	**Assigned probability**	**2021**	**2022**	**2023**	**2024**	**Subsequent years**
31 December 2020							
Inflation Rate (%)	Upturn	11.3%	12.44	7.64	7.64	7.64	7.64
	Base-case	79.8%	14.80	10.00	10.00	10.00	10.00
	Downturn	8.9%	18.19	13.39	13.39	13.39	13.39
Unemployment Rate (%)							
	Upturn	11.3%	31.00	32.00	32.00	32.00	32.00
	Base-case	79.8%	30.50	32.00	32.00	32.00	32.00
	Downturn	8.9%	32.23	33.73	33.73	33.73	33.73
Crude oil Price (In USD)							
	Upturn	11.3%	50.24	50.48	50.48	50.48	50.48
	Base-case	79.8%	40.25	40.50	40.50	40.50	40.50
	Downturn	8.9%	31.94	32.18	32.18	32.18	32.18

The Company has reassessed the key economic indicators used in its ECL models compared to prior year. The Company expected a stable unemployment rate and inflation rate over the few years projected. These assumptions are based on current stable political outlook of the Nigeria economy. The Company assumed a slight increase in crude oil price in the years forecasted based on the current political inferences in one of the largest oil producing nations.

Analysis of inputs to the ECL model under multiple economic scenarios - continued

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. The Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

The following tables outline the impact of multiple scenarios on the allowance:

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

ii Credit risk - continued

31-Dec-21

ECL scenario	Assigned probability	Cash & cash equivalents	Debt instruments at amortised	Finance lease receivables	Total
		₦'000	₦'000	₦'000	₦'000
Upturn	10.9%	431	11,429	1,817	13,678
Base-case	80.5%	3,174	84,086	13,370	100,629
Downturn	8.6%	339	8,980	1,428	10,747
		3,944	104,495	16,615	125,054

31-Dec-20

ECL scenario	Assigned probability	Cash & cash equivalents	Debt instruments at amortised	Finance lease receivables	Total
		₦'000	₦'000	₦'000	₦'000
Upturn	11.3%	334	12,338	1,225	13,897
Base-case	79.8%	2,359	87,250	8,661	98,270
Downturn	8.9%	262	9,694	962	10,919
		2,955	109,283	10,848	123,086

iii Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its insurance liabilities as they fall due. Prestige mitigates this risk by having an investment strategy which focuses on liquidity and capital preservation before investment returns.

The table below presents the cash flows receivable/payable by the Company. The amounts disclosed in the table are the contractual undiscounted cash flows. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

iii Liquidity Risk - continued

31 December 2021	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than	Over 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	743,299	3,572,487	-	-	-	-	4,315,786
Trade receivables	28,169	-	-	-	-	-	28,169
Reinsurance assets	3,024,513	753,098	9,148	347,383		-	5,871,208
Prepayments and other receivables	-	19,677	75,976	-	-	-	95,653
Finance lease receivables	-	27,519	1,281	212,872	202,977	-	444,649
Debt securities at amortised cost	1,074	160,810	933	3,355	919,393	2,368,433	3,471,424
Financial asset ast FVPL	223,298		-	-	-	-	223,298
Equities instrument at FVOCI	-	-	-	-	-	2,458,312	2,458,312
Total financial assets	4,020,353	4,533,591	87,338	563,610	1,122,370	4,826,745	16,908,499
Insurance contract liabilities	843,844	2,571,798	2,602,841	129,421	940,809	-	7,088,713
Other liabilities		95,000	35,139	335,237	6,777	-	472,153
Trade payables	-	318	262,143	-	-	-	262,461
Total financial liabilities	843,844	2,667,116	2,900,123	464,658	947,586	-	7,823,327
Net liquidity position	3,176,509	1,866,475	(2,812,785)	98,952	174,784	4,826,745	9,085,172

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

iii Liquidity Risk - continued

31 December 2020

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than	Over 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	726,530	643,040	-	-	-	-	1,369,570
Trade receivables	99,178	-	-	-	-	-	99,178
Reinsurance assets	204,593	675,889	742,575	670,355	642,415	-	3,198,490
Prepayments and other receivables	-	15,343	119,023	-	-	-	134,366
Finance lease receivables	789	25,861	916	27,662	323,778	-	378,983
Debt securities at amortised cost	260	11,016	3,360	489,402	346,548	2,088,519	2,935,916
Financial asset at FVPL	200,808		-	-	-	-	200,808
Equities instrument at FVOCI	-	-	-	-	-	2,230,415	2,230,415
Total financial assets	1,232,158	1,371,149	865,874	1,187,419	1,312,741	4,318,934	10,547,726
Insurance contract liabilities	843,844	1,131,535	2,421,328	150,386	677,525	-	4,836,743
Other liabilities	-	70,213	44,779	129,340	10,043	-	254,375
Trade payables	-	66,728	204,011	-	-	-	270,739
Total financial liabilities	843,844	1,268,476	2,670,118	279,726	687,568	-	5,361,857
Net liquidity position	388,314	102,673	(1,804,244)	907,693	625,173	4,318,934	5,185,869

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

iii Liquidity Risk - continued

The following tables indicate the contractual timing of cash flows in respect of cash flows arising from financial instruments impacted by this risk:

At 31 December 2021

	Carrying amount	No stated maturity	0 - 90 days	91 - 180 days	180 - 365 days	1 - 5 years	> 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	4,311,842	-	4,311,842	-	-	-	-	4,311,842
Trade receivables	28,169	-	28,169	-	-	-	-	28,169
Reinsurance assets	5,871,208	-	3,777,611	9,148	347,383	-	-	4,134,142
Prepayments and other receivables	58,287	-	19,677	38,610	-	-	-	58,287
Finance lease receivables	444,649	-	27,519	1,281	212,872	202,977	-	444,649
Financial asset at FVPL	223,298	-	223,298	-	-	-	-	223,298
Debt instruments at amortised cost	3,471,424	-	161,884	933	3,355	919,393	2,368,433	3,453,998
Equity instrument at FVOCI	2,458,312	2,458,312	-	-	-	-	-	2,458,312
Statutory deposit	300,000	300,000	-	-	-	-	-	300,000
	17,167,189	2,758,312	8,550,000	49,972	563,610	1,122,370	2,368,433	15,412,697
Insurance contract liabilities	7,088,713	-	3,415,642	2,602,841	129,421	940,809	-	7,088,713
Other liabilities	430,237	-	95,000		335,237	-	-	430,237
Lease liabilities	6,777	-		5,410	3,195	359	-	8,964
Trade payables	262,461	-	318	262,143	-	-	-	262,461
	699,475	-	95,318	267,553	338,432	359	-	701,662
Net liquidity position	16,467,714	2,758,312	8,454,682	(217,581)	225,178	1,122,011	2,368,433	14,711,035

Note: Prepayment & other receivables excludes prepayments and WHT whilst other liabilities exclude statutory deductions

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

iii Liquidity Risk - continued

At 31 December 2020

	Carrying amount	No stated maturity	0 - 90 days	91 - 180 days	180 - 365 days	1 - 5 years	> 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	1,369,570	-	1,369,570	-	-	-	-	1,369,570
Trade receivables	99,178	-	99,178	-	-	-	-	99,178
Reinsurance assets	3,198,490	-	880,482	742,575	670,355	642,415	-	2,935,827
Prepayments and other receivables	134,366	-	15,343	119,023	-	-	-	134,366
Finance lease receivables	378,983	-	26,650	916	27,662	323,778		379,006
Financial asset at FVPL	200,808	-	200,808	-	-	-	-	200,808
Debt instruments at amortised cost	2,935,916	-	11,276	3,360	489,402	346,548	2,088,519	2,939,105
Equity instrument at FVOCI	2,230,415	2,230,415	-	-	-	-	-	2,230,415
Statutory deposit	300,000	300,000	-	-	-	-	-	300,000
Deposit in escrow account	3,320,710	3,320,710	-	-	-	-	-	3,320,710
	14,168,436	5,851,125	2,603,307	865,874	1,187,419	1,312,741	2,088,519	10,588,275
Insurance contract liabilities	4,836,743	-	1,975,379	2,421,328	150,386	2,325,893	-	6,872,986
Other liabilities	199,553	-	70,213		129,340	-	-	199,553
Lease liabilities	10,043	-	487	2,487	2,487	6,786	-	12,247
Trade payables	270,739	-	66,728	204,011	-	-	-	270,739
	480,335	-	137,428	206,498	131,827	6,786	-	482,539
Net liquidity position	13,688,101	5,851,125	2,465,879	659,376	1,055,592	1,305,955	2,088,519	10,105,736

Note: Prepayment & other receivables excludes prepayments and WHT whilst other liabilities exclude statutory deductions

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Valuation bases

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	At 31 December 2021		At 31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Fair value through profit or loss	223,298	223,298	200,808	200,808
Equity instruments at fair value through other	2,458,312	2,458,312	2,230,415	2,230,415
Debt securities at amortised cost	3,366,929	4,209,897	2,935,916	3,863,882
Total	6,048,539	6,891,507	5,367,139	6,295,105

The management assessed that the fair values of cash and cash equivalents, other receivables and borrowings (book balance) approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e. derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

The hierarchy of the fair value measurement of the Company's financial assets and financial liabilities are as follows:

31 December 2021	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financial assets				
Financial assets at fair value through profit or loss- Listed equities	223,298	-	-	223,298
Equity instrument at FVOCI (Unlisted)	-	-	2,458,312	2,458,312
Asset for which fair value are disclosed				
Debt securities at amortised cost	-	4,099,523	110,374	4,209,897
31 December 2020				
Financial assets				
Financial assets at fair value through profit or loss- Listed equities	200,808	-	-	200,808
Equity instrument at FVOCI (Unlisted)	-	-	2,230,415	2,230,415
Asset for which fair value are disclosed				
Debt securities at amortised cost	-	3,795,083	68,799	3,863,882

The following methods and assumptions were used to estimate the fair values:

▪ The fair values of the financial assets at fair value through profit or loss are based on active market price quotations at the reporting date.

▪ The fair values of the non-listed equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity instruments.

▪ The Fair values of debt instruments at amortised cost is based on market comparison of similar securities on quoted market prices in an active market. This is adjusted for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021 and 2020 are shown below:

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable input	Range (weighted Average)	Sensitivity of input to fair value
Leadway Protea Hotel Ltd	DCF	Long-term growth rate for cash flows for subsequent years	15%-20% (2020:15%-20%)	5% (2020: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by N6,576,500 (2020: N4,531,000)
		Long-term operating margin	5% (2020: 5%)	2% (2020: 2%) increase (decrease) in the margin would result in an increase (decrease) in fair value by N471,526 (2020: N462,680)
		Discount rate	20% (2020:20%)	2% (2020: 2%) increase (decrease) in the discount would decrease (increase) the fair value by N5,819,681 (2020: N5,705,570)
Leadway PFA scheme share	DCF	Long-term growth rate for cash flows for subsequent years	10% (2020:10%)	5% (2020: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by N311,745,600 (2020: N254,045,930)
		Long-term operating margin	10% (2020:10%)	2% (2020: 2%) increase (decrease) in the margin would result in an increase (decrease) in fair value by N38,593,383 (2020: N37,836,650)
		Discount rate	23% (2020:23%)	2% (2020: 2%) increase (decrease) in the discount would decrease (increase) the fair value by N81,594,829 (2020: N79,994,930)

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable input	Range (weighted Average)	Sensitivity of input to fair value
Waica Reinsurance Corporation	DCF	Long-term growth rate for cash flows for subsequent years	10% (2020: 10%)	5% (2020: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by N16,090,776 (2020: N11,555,972)
		Long-term operating margin	15% (2020: 15%)	2% (2020: 2%) increase (decrease) in the margin would result in an increase (decrease) in fair value by N9,006,969 (2020: N8,830,362)
		Discount rate	23% (2020:23%)	2% (2020: 2%) increase (decrease) in the discount would decrease (increase) the fair value by N4,273,071 (2020: N4,189,285)

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI:

	Leadway PFA scheme share	Leadway Protea Hotel Ltd	Nigerian Insurers Association pool	Waica Reinsurance Corporation	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	1,833,407	138,683	86,163	63,636	2,121,889
Remeasurement recognised in OCI	94,886	(29,481)	31,744	11,377	108,526
As at 31 December 2020	1,928,293	109,202	117,907	75,013	2,230,415
Remeasurement recognised in OCI	150,011	22,328	18,400	37,158	227,897
As at 31 December 2021	2,078,304	131,530	136,307	112,171	2,458,312

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Valuation bases - continued

iv Money market funds and similar securities

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

Maturity analysis on expected maturity basis

At 31 December 2021	Current ₦'000	Non-current ₦'000	Total ₦'000
Cash and cash equivalents	4,311,842	-	4,311,842
Financial assets:			
Fair value through profit or loss	223,298	-	223,298
Equity instruments at fair value through other comprehensive income	2,458,312	-	2,458,312
Debt instruments at amortised cost	852,686	2,514,243	3,366,929
Trade receivables	28,169	-	28,169
Prepayment & other receivables	169,705	-	169,705
Reinsurance assets	5,871,208	-	5,871,208
Deferred acquisition costs	355,125	-	355,125
Finance lease receivables	228,837	199,197	428,034
Investment property	-	2,587,084	2,587,084
Intangible assets	-	23,283	23,283
Property, plant and equipment	-	1,456,389	1,456,389
Statutory deposit	-	300,000	300,000
Total assets	14,499,182	7,080,196	21,579,378
Liabilities			
Insurance contract liabilities	7,088,713	-	7,088,713
Trade payables	262,461	-	262,461
Other payable	482,795	-	482,795
Retirement benefits obligation	-	207,102	207,102
Current income tax payable	88,504	-	88,504
Deferred tax liabilities	-	454,071	454,071
Total liabilities	7,922,473	661,173	8,583,646
Net maturity mismatch	6,576,709	6,419,023	12,995,732

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

At 31 December 2020	Current ₦'000	Non-current ₦'000	Total ₦'000
Cash and cash equivalents	1,369,570	-	1,369,570
Financial assets:			
Fair value through profit or loss	200,808	-	200,808
Equity instruments at fair value through other comprehensive income	2,230,415		2,230,415
Debt instruments at amortised cost	504,038	2,431,878	2,935,916
Trade receivables	99,178	-	99,178
Prepayment & other receivables	196,017	-	196,017
Reinsurance assets	3,198,490	-	3,198,490
Deferred acquisition costs	258,866	-	258,866
Finance lease receivables	222,493	156,490	378,983
Investment property	-	2,547,886	2,547,886
Intangible assets	-	28,181	28,181
Property, plant and equipment	-	1,439,905	1,439,905
Statutory deposit	-	300,000	300,000
Deposit in escrow account with the CBN		3,320,710	3,320,710
Total assets	8,279,875	10,225,050	18,504,925
Liabilities			
Insurance contract liabilities	4,836,743	-	4,836,743
Trade payables	270,739	-	270,739
Other payable	266,685	-	266,685
Retirement benefits obligation	-	195,543	195,543
Current income tax payable	78,281	-	78,281
Deferred tax liabilities	-	453,539	453,539
Total liabilities	5,452,448	649,082	6,101,530
Net maturity mismatch	2,827,427	9,575,968	12,403,395

Enterprise risk management

Prestige Assurance is committed to the management of various enterprise risks that could hinder the achievement of its strategic objectives. In doing this, the Company follows its internal control and enterprise risk management policies which was developed according to the provisions of the Committee of Sponsoring Organizations of Treadway Commission (COSO) and approved by the National Insurance Commission, NAICOM. While this framework does not provide answers to all the questions and the challenges experienced in the market in the past year, its engagement has strengthened our organization's resilience to major risk exposures.

Our risk philosophy and objectives are clearly defined and has been integrated into our decision making process. Some of the components of our enterprise risk management system are:

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Enterprise risk management - continued

Governance System: The overall responsibility for the management of our enterprise risks resides with the Board through its Enterprise Risk Management (ERM) Committee. This committee works closely with the Chief Risk Officer/ERM Steering Committee to ensure significant risks are not only identified but escalated to the Management and Board. The functional Managers are saddled with the responsibility to carry out regular assessment of existing, newly identified and emerging risk applicable to the functional operations.

Risk Identification & Assessment: Risks associated with the Company's operations that may affect its strategic objectives and annual performance are regularly identified and evaluated by management. This process involves a dynamic and interactive procedure where the staff, functional managers, chief risk officer and management staff attempt to identify significant risk situations, assess risk exposures from them and suggest controls to combat them. In the course of the year, the Company encountered some significant risks:

Significant Risks	Impact on Operations
Reputation Risks	Brand Image of the Company
Financial Risks	Paid higher values on claims due to Naira devaluation.
Legal Risks	Increased management cost.

Risk Control & Mitigation: Risk control activities are engaged at different levels and by different functional units. Its major focus is to reduce the impact of losses from identified risk categories and emerging significant risks. Some of our existing risk categories and control measures are:

Risk Categories	Control Measures
Insurance Risks	Finalization of underwriting policies and acceptance of risk defined to the Underwriting department and branches.
Financial Risks	Interest rate gap analysis, reports, priority focus, measurement testing
Strategic Risks	Instituted Risk Strategy Committee
Hazard Risks	Risks and Control Assessment, Monitoring and Control Measures
Reputational Risks	Due diligence, Trend in Customer Complaints and customer feedback mechanism.

Internal & External Communication: in line with the Company's philosophy of open communication, management provides relevant information to staff, Board, shareholders and industry regulators. This enhances the achievement of our corporate objectives in various ways. We do this by sharing regular information with staff, provision of standard operating systems and standard level agreement for effective internal operations. We also provide quarterly report to the Board, Securities and Exchange Commission, Nigerian Stock Exchange and the National Insurance Commission on all aspects of the Company's operations.

Risk Monitoring: Management ensures an ongoing monitoring of the operations of the Company through the activities of internal audit and control and the risk management department of the Company. Adherences to existing policies are checked, control activities are evaluated and deficiencies are identified and corrected.

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Enterprise risk management - continued

Enterprise-wide Risk Management Principles

Prestige Assurance Plc try as much as possible to balance its portfolio while maximizing our value to stakeholders through an approach that mitigate the inherent risk.

To ensure effective and economic use of resources, we operate strictly by the following principles:

-The Company will not take any action that will compromise its integrity

-The Company will at all times comply with all government regulations and uphold best international practice.

-The Company will build an enduring risk culture, which shall pervade the entire organisation

-The Company will at all time hold a balanced portfolio and adhere to guidelines on investment issued by the regulator and Finance and General Purpose Committee of the Company.

-The Company will ensure that there is adequate reinsurance in place for the business above its limit and also prompt payment of such premiums.

Approach to Risk Management

In Prestige Assurance, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigate the negative impact of risks facing the Company.

The Board

The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risk. There are various committee nominated to serve of whom their various functions are geared towards minimising likelihood impacts of risks faced by the Company.

The Audit Committee:

The Board Audit Committee performs the following functions:

1.) Perform oversight function on accounting and financial reporting

2.) Liase with the external auditors

3.) Ensure regulatory compliance

4.) Monitoring the effectiveness of internal control processes within the Company.

Board Risk Committee

This is more of a technical committee that oversee the business process. Their functions include:

1.) Reviewing of Company's risk appetite

2.) Oversee management's process for the identification of significant risk across the Company and the adequacy of prevention detection and reporting mechanisms.

3.) Reviews underwriting risks especially above limit for adequacy of reinsurance and company's participation.

4.) Review and recommend for approval of the Board, risk management procedures and controls for new products and services

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Enterprise risk management - continued

Board Investment Committee

1.) Set the investments limit and the type of business the Company should invest in
2.) Reviews and approves the above Company's investment policy
3.) Approves investments over and above managements' approval limit
4.) Ensures that there is optimal asset location in order to meet the targeted goals of the Company.

The second level is the management of the Company. This comprises of Managing Director and the management staff of the Company.

They are responsible for strategy implementation of the Enterprise Risk Management policies and guidelines set by the regulator, government and the board for risk mitigation. This is achieved through the business unit they supervised. The last level is that of independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's systems of internal control established by the first and second lines of defence in management of enterprise risks across the organisation.

Risk Categorisation

As a business entity and an underwriter, Prestige Assurance Plc is exposed to an array of risk through its operations. The Company has identified and categorised its exposure to these broad risks as listed below.

Financial risk
Business risk
Operational risk
Hazard risk
Underwriting risk

Financial Risk

Financial risk comprises of market, liquidity and credit risk.

Market risks are sub-divided into interest-rate risk, exchange risk, property price risk and equity risk. Liquidity risk includes liquidation value risk, affiliated investment risk and capital funding risk. Credit risk includes default risk, downgrade or mitigation risk, indirect credit or spread risk and concentration risk.

Business Risk

Business risk relates to the potential erosion of our market position. This includes customer risk, innovation risk and brand reputation risk.

Operational Risk

This is the risk of loss resulting from inadequacy or failure of internal processing arising from people, systems and or from external events.

Hazard Risk

These are risk which are rare in occurrence but likely impact may be major on the Company. Examples of these are natural disaster, terrorism, health and environmental risk, employee injury and illness, property damage and third-party liability.

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

b Financial risk management - continued

Enterprise risk management - continued

Insurance/underwriting Risk

Our activities involve various range of risk arising from the business itself. This manifest from underwriting, re-insurance, claims management, reserve development risk, premium default, product design and pricing risk. Our company has a pragmatic approach in identifying, assessing and mitigating risk of such approaches as stated above.

c. Capital Management

The main objectives of the Company when managing capital are:

To ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Company's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and;

To provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act CAP I17, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claims liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

The Company is also subject to a solvency requirement under the Insurance Act CAP I17, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP I17 LFN, 2004.

The Company's capital requirement ratio and Solvency margin exceed the requirement of the Insurance Act CAP I17, LFN 2004.

Capital Adequacy Test

Based on the capital adequacy calculation below, Prestige Assurance Plc has a surplus of N8 billion.

	31 December	
	2021	2020
	₦'000	₦'000
Shareholders' fund as per Statement of Financial Position	12,995,732	12,403,395
Less:		
Intangible assets	(23,283)	(28,181)
Deferred tax liabilities	(454,071)	(453,539)
	(477,354)	(481,720)
Capital base	12,518,378	11,921,675

Notes to the financial statements - continued

47 Management of insurance and financial risk - continued

c. Capital Management - continued

Capital Adequacy Test

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company capital base is above the minimum capital requirement of N3 billion (2020: N3 billion) specified by NAICOM.

Determination of Solvency Margin	2021	2020
	₦'000	₦'000
Cash and cash equivalents	4,309,096	1,366,985
Financial assets		
- Fair value through profit or loss	223,298	200,808
- Equity instruments at fair value through other comprehensive income	2,458,312	2,230,415
- Debt instruments at amortised cost	3,366,929	2,935,916
Reinsurance assets	5,871,208	3,198,490
Deferred acquisition costs	355,125	258,866
Trade receivables	28,169	99,178
Finance lease receivables	428,034	378,983
Investment properties	646,771	636,972
Land & building	1,000,000	1,000,000
Intangible assets	23,283	28,181
Property, plant & equipment (excluding land & building)	151,999	95,653
Statutory deposit	300,000	300,000
Deposit in escrow account with the CBN	-	3,320,710
Admissable assets	19,162,224	16,051,157
Liabilities		
Insurance contract liabilities	7,088,713	4,836,743
Trade payables	262,461	270,739
Provisions and other liabilities	476,018	256,642
Retirement benefit obligations	207,102	195,543
Current income tax payable	88,504	78,281
Admissible liabilities	8,122,798	5,637,948
Solvency margin	11,039,426	10,413,209
Minimum share capital	3,000,000	3,000,000
Surplus in solvency margin	8,039,426	7,413,209

The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP I17, LFN 2004.

PRESTIGE ASSURANCE PLC
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

REVENUE ACCOUNT
for the year ended 31 December 2021

REVENUE	Fire ₦'000	General Accident ₦'000	Motor ₦'000	Workmen Compensation ₦'000	Marine and Aviation ₦'000	Oil & Energy ₦'000	Car & engineering- All risk ₦'000	Bond ₦'000	GIT ₦'000	Terrorism ₦'000	Mediclaim ₦'000	Agric	others	2021 ₦'000	2020 ₦'000
Direct premium	3,468,662	658,090	907,033	29,474	1,865,598	835,395	278,307	17,199	575,193	47,047	102,585	114,161	41,699	8,940,443	6,849,537
Inward premium	49,574	27,018	44,776	1,277	19,785	162,067	7,394	192	-	937	-	20,542	-	333,562	159,210
Gross premium written	3,518,236	685,108	951,809	30,751	1,885,383	997,462	285,701	17,391	575,193	47,984	102,585	134,703	41,699	9,274,005	7,008,747
Increase in unearned premium	(271,287)	(19,182)	(81,815)	384	192,514	(137,674)	(59,537)	926	79,747	(16,620)	-	-	-	(312,544)	(309,470)
Gross premium income	3,246,949	665,926	869,994	31,135	2,077,897	859,788	226,164	18,317	654,940	31,364	102,585	134,703	41,699	8,961,461	6,699,277
Outward reinsurance	2,412,584	118,211	39,561	2,947	1,107,233	753,925	194,551	12,117	3,012	43,002	-	89,671		4,776,814	3,254,996
(Decrease)/increase in prepaid re-insurance	(265,403)	2,125	(3,433)	80	(4,236)	(52,080)	(57,860)	543	(34)	(14,514)		(14,286)		(409,098)	(26,979)
Net premium income	1,099,768	545,590	833,866	28,108	974,900	157,943	89,473	5,657	651,962	2,876	102,585	59,318	41,699	4,593,745	3,471,260
Commission Income	568,773	31,032	5,304	28	247,624	64,175	40,751	3,828	876	7,314	-	20,159	-	989,864	806,651
Total income	1,668,541	576,622	839,170	28,136	1,222,524	222,118	130,224	9,485	652,838	10,190	102,585	79,477	41,699	5,583,609	4,277,911
EXPENSES															
Gross claims paid	3,936,131	389,914	522,930	16,448	561,202	68,463	261,802	760	469,095	2,118	63,174	76,484	32,820	6,401,341	3,269,678
Increase in outstanding claims	1,582,251	(249,050)	48,220	(861)	(3,358)	187,580	295,274	(13,886)	93,256	-	-	-	-	1,939,426	1,005,479
Gross claims expenses	5,518,382	140,864	571,150	15,587	557,844	256,043	557,076	(13,126)	562,351	2,118	63,174	76,484	32,820	8,340,767	4,275,157
Movement in outstanding claims: recoverables from reinsurance	(1,404,387)	33,689	(31,313)	114,867	(106,273)	(173,702)	(289,185)	6,899	(75,318)	-	-	-	-	(1,924,723)	(794,025)
Reinsurance claims recoveries	(3,444,545)	(18,179)	(18,351)	-	(264,817)	(43,706)	(175,044)	(380)	(43,066)	-	-	(44,885)	-	(4,052,973)	(1,777,446)
Net claims expenses	669,450	156,374	521,486	130,454	186,754	38,635	92,847	(6,607)	443,967	2,118	63,174	31,599	32,820	2,363,071	1,703,686
Acquisition cost	612,022	129,672	106,077	4,391	250,552	148,521	32,622	3,471	104,179	6,263	4,640	13,831	5,374	1,421,615	1,082,757
Maintenance costs	361,300	74,100	96,808	3,465	231,215	95,672	25,166	2,038	72,878	3,490	11,415	14,989	4,640	997,176	691,619
Total expenses	1,642,772	360,146	724,371	138,310	668,521	282,828	150,635	(1,098)	621,024	11,871	79,229	60,419	42,834	4,781,862	3,478,062
Underwriting profit/ (loss)	25,769	216,476	114,799	(110,174)	554,003	(60,710)	(20,411)	10,583	31,814	(1,681)	23,356	19,058	(1,135)	801,747	799,849

VALUE ADDED STATEMENT
for the year ended 31 December 2021

	2021		2020	
	₦'000	%	₦'000	%
Gross premium income	8,961,461		6,699,277	
Other income - Local	70,921		94,782	
	9,032,382		6,794,059	
Reinsurance,claims,commission and services - local	(7,746,891)		(5,319,436)	
Value added	1,349,638	100	1,238,179	100
Applied as follows:				
To pay employees:				
Salaries and other employees benefits	210,532	15.6	236,490	19.1
To pay government:				
Taxation	46,612	3.5	21,395	1.7
Retained for replacement of assets and expansion of business:				
Deferred taxation	(2,670)	(0.2)	(13,793)	(1.1)
Depreciation and amortization	128,660	9.5	105,518	8.5
Statutory contingency reserve	278,220	20.6	210,262	17.0
Result for the year	688,284	51.0	678,307	54.8
Value added	1,349,638	100	1,238,179	100

Value-added represents the additional wealth the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth among the employees and those that are retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	---31 DECEMBER---				
AS AT	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	4,311,842	1,369,570	798,109	955,338	1,010,492
Financial assets (investments)	6,048,539	5,367,139	4,839,703	4,850,928	4,607,117
Trade receivables	28,169	99,178	21,616	7,753	6,517
Prepayments and other receivables	169,705	196,017	275,723	70,228	57,076
Reinsurance assets	5,871,208	3,198,490	2,371,252	2,533,080	1,705,937
Deferred acquisition costs	355,125	258,866	224,636	170,292	154,149
Intangible assets	23,283	28,181	33,978	39,786	44,475
Finance lease receivables	428,034	378,983	204,184	203,165	184,030
Investment property	2,587,084	2,547,886	2,591,439	2,545,708	2,439,002
Property, plant, equipment & right of use assets	1,456,389	1,439,905	1,518,805	1,344,721	1,266,758
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Deposit in escrow account with the CBN	-	3,320,710	-	-	-
Total assets	21,579,378	18,504,925	13,179,445	13,020,999	11,775,553
LIABILITIES					
Insurance contract liabilities	7,088,713	4,836,743	3,521,794	3,605,248	2,643,592
Trade payables	262,461	270,739	266,537	270,938	467,266
Provisions and other payables	482,795	266,685	176,630	225,017	295,978
Borrowings			10,029	2,553	72,078
Retirement benefit obligations	207,102	195,543	210,744	149,682	164,290
Current income tax payable	88,504	78,281	87,530	224,693	162,372
Deferred tax liabilities	454,071	453,539	460,446	441,782	461,856
Total liabilities	8,583,646	6,101,530	4,733,710	4,919,913	4,267,432
EQUITY					
Share capital	6,626,281	6,626,281	2,691,275	2,691,275	2,685,216
Share premium	36,623	36,623	327,548	327,548	1,127,599
Statutory contingency reserve	2,684,021	2,405,800	2,195,538	2,011,678	1,867,906
Retained earnings/(Accumulated losses)	858,102	752,401	746,727	644,402	(347,325)
Gratuity valuation reserve	14,973	7,502	(8,567)	15,212	(13,433)
Fair value/Available-for-sale reserve	2,038,166	1,810,269	1,701,742	1,685,530	1,450,955
Property revaluation reserve	737,566	764,519	791,472	725,441	737,203
Total equity	12,995,732	12,403,395	8,445,735	8,101,086	7,508,121
Total liabilities and equity	21,579,378	18,504,925	13,179,445	13,020,999	11,775,553

Five year financial summary - continued

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE FOR THE YEAR ENDED	-----31 DECEMBER-----				
	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross premium written	9,274,005	7,008,747	6,128,662	4,792,385	3,808,516
Profit before income tax expense	732,226	685,909	550,300	645,430	697,989
Income tax expense	(43,942)	(7,602)	(77,777)	(221,635)	(166,148)
Profit for the year	688,284	678,307	472,523	423,795	531,841
Appropriations:					
Transfer to statutory contingency reserve	278,220	210,262	183,860	143,772	114,255
Transfer to retained earnings	410,063	468,045	288,663	280,023	417,586
Basic earnings per ordinary share (kobo)	5.19	9.8	6.8	7.90	9.90
Diluted earnings per ordinary share (kobo)	5.19	9.8	6.8	7.90	9.90
Net assets per share (kobo)	98	94	98	151	140

Note: Earnings and dividend per share were computed based on the profit for the year and on the number of issued and fully paid ordinary shares at the end of the year. Net assets per share were computed on the number of issued and fully paid ordinary shares at the end of the respective years.